













# LAND, LANDLORD AND LEGISLATION

By  
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*With a Foreword by*  
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**To The Memory of My Sister  
ANWARI  
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# CONTENTS

**Page**

Foreword	...	...	... i
Preface	...	...	... xii

## ZAMINDARI SYSTEM

1. Zamindars' Lament	...	1
2. Compensation to Landlords—A Reply to the Questionnaire issued by the Zamindari Abolition Committee, U. P.	...	6
3. Dangers of Peasant Proprietorship	...	17
4. A Plea for Collectivisation	...	28

## CO-OPERATION

5. Co-operative Movement in U. P.	...	36
6. Re-orientation of Co-operatives	...	45
7. Cottage Industries and Co-operation	...	52

## AGRICULTURE

8. India's Food Crisis	...	59
9. The Problem of Rural Indebtedness	...	69
10. Need for an Agricultural Commission.		78

## PLANNING

11. Objects of Planning	....	85
12. Madras Ban on Mills—Planning for a Closed System	....	91
13. Plea for Co-operative Planning		...100



# Foreword

During the last nine months which have elapsed since the U. P. Legislative Assembly passed a resolution accepting the principle of abolition of the Zamindari system in this province things have moved fast. To-day it is no longer the question of abolition of the Zamindari. That institution is already in the process of liquidation. The recent legislative measures, whereby the state is appropriating to itself the right of letting out lands of a recalcitrant landlord, who fails to cultivate or settle the land within the prescribed period, and the right to take over the estate of a landlord whose mismanagement causes general dissatisfaction among the tenants, are encroachments upon the traditional conception of proprietary rights. They deny to the landlord right of property in terms of the Roman Law. They emphasise the socialistic character of the landed property. The Finance Minister's announcement during the last budget session to increase land-revenue by one crore and a half and the local rates by a considerable amount will reduce the landlords' profit. But even more powerful than the curtailment of the rights and profits of the landlord are the rising tempo of a revolutionary upsurge in the countryside. The tenant refuses to accept the status of a semi-serf, while the landlord fights for his feudal privileges. In the result there is discontent and restlessness, occasionally bursting out into acts of violence—riots and murders. The new social ideas and economic valuations have taken away what little moral justification there might have been for an institution which had everything to take and nothing to give to the tenant. 'He who shall not work shall not eat either' is an aphorism as old as



the Bible. It was a good and noble idea, but no one ever thought of practising it in day to day life. The constitution of the Soviet Russia, however, embodies it as a fundamental provision on which the basic structure of Soviet Socialist system rests. He who does not produce or render in terms of service equivalent of what he consumes has come to be considered a parasite. The landed aristocracy in India was hardly, if ever, a natural leader of the country-side. Of late, it has come to be looked upon as a tyrant. Therefore, the question which faces a politician, citizen or statesman is not to initiate any positive step for the dissolution of the Zamindari. The problem is whether the state should lend its coercive machinery to maintain a vanishing institution. No popular Government, which depends for its sanction on the will of the toiling millions working in the field, can play the role of a hand-maid of the Zamindari system. And, therefore, those who desire the abolition of the Zamindari system, should have no manner of doubt that before long the Zamindari system must disappear.

My faith and conviction in the abolition of the Zamindari has not grown from a study of books or theories. It is an inborn product of experience. My grandfather had his own *khudkasht* and my father used to talk of his youthful days when he took part in one or another of the agricultural processes. Even to-day many of my relatives and friends depend for their livelihood on rent of land. Therefore, my class interests were not hostile to those of Zamindars. There was no question of animosity. But, in the course of my political work I saw the woes and sorrows of the peasant. He worked hard and had not enough to eat. The fruit of his labour was taken away by the landlord and the Sahukar. During the first term of the

Congress Ministry from 1937 to 1939 we tried to solve the problem by reforming the land system and rural economy. I worked hard at the U. P. Tenancy Act, 1939, debt laws and other legislative and administrative measures for the relief of the peasant. But the more I worked and studied these problems the greater was my faith that nothing short of the abolition of the Zamindari system and money lending could solve the problem of peasant's poverty. I have the satisfaction that my dream is in the process of realization. The money lender has ceased to be a potential factor in the village economy and the landlord will soon cease to be.

The reader will forgive me for striking this personal note.

The abolition of the Zamindari is not the end but the beginning of an end. It can clear the field but it will not solve the problem of our poverty and scarcity. Our agriculture must bear the burden of supplying food to a fast growing population and raw products to a developing industrial system. We must have food, cloth, housing, education health and some amenities and conveniences for a whole population of over 450 millions. Of late, several efforts have been made to plan our economic system with that end in view. The most notable among them is the work of the National Planning Committee set up by the Indian National Congress with the support and co-operation of the Indian provinces and States. Eight leading industrialists, including Tata and Birla, have worked out another scheme of economic development known as the Bombay Plan. Let me overlook the less spectacular attempts for want of space. One thing has emerged out of these efforts. Every Indian who has a vision feels convinced that the future of India lies in a planned and co-ordinated scheme of development. The haphazard growth of agriculture

and industries, unco-ordinated with one another and depending upon the profit motive, will never lead us to our destined goal of prosperity and plenty. So far we have remained backward in industries and agriculture. There has been a complete want of cohesion in what little we have done. Our governmental machinery was disjointed. It was a prism at the apex of which sat the Governor who was the repository of all power and sanctions. From him emanated a number of administrative departments which were removed farther and farther away from one another as they descended to the base. At the bottom one department had nothing to do with another. Every department was for itself. Life was not treated as an organic whole. We ignored that "life was a seamless web." It is not a pigeon-hole. It is hopeful that a new realisation is dawning upon us. We are feeling the necessity of a new method and new strategy. What David E. Lilienthal says of the Tennessee Valley is applicable to us with even greater force. He says that "the opportunity of creating wealth for the people from the resources of this valley was to be faced as a single problem. To integrate the many parts of that problem into unified whole was to be the responsibility of one agency. The Tennessee Valley's resources were not to be dissected into separate bits that would fit into the jurisdictional pigeon-holes into which the instrumentalities of Government had by custom become divided. It was not conceded that at the hour of Creation the Lord had divided and classified natural resources to conform to the organisation chart of the federal government. The particular and limited concerns of private individuals or agencies in the development of this or that resource were disregarded and rejected in favour of the principle of unity. What God has made one man was to

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develop as one." This spirit should be the beacon light of all the activities to-day.

Some critics of planned economy argue that it leads to centralisation in working. It promotes remote and absentee control. It denies the common man the right to think and initiate. It reduces man to a sheer automaton. It deprives the individual of the opportunity to shoulder responsibilities which nourish and develop human personalities. But all this criticism is based on a complete misunderstanding. The distinction between authority and its administration is a vital one. Delhi or Lucknow may give the authority and lay down the objectives in terms of national development, but they need not administer or execute the plans. Without the co-operation of the citizens and planning in terms of the ideas and institution familiar to them, no development of far-reaching character can take roots in the soil. It will remain something exotic. Therefore by a wise delegation of powers, our productive institutions and social policy must grow out of the soil and draw sustenance from the air. There must be the largest degree of decentralisation. For this we shall have to chalk out regions in our province having homogeneity of physical conditions and unity of life.

The United Provinces has several distinct natural regions. The Kumaon Division, consisting of the districts of Almora, British Garhwal and the hill parganas of Nainital (and the Tehri State, if it chooses to come in) form one natural region with similar physical conditions and way of life. Bundelkhand, that is the Jhansi Division, with its four districts, Jhansi, Jalaun, Banda and Hamirpur, forms another such region. The remainder of the Province forming the basin of the Ganges river naturally falls into the Doab that is, the land between the Ganges and the

Jumna to which may be attached the Rohilkhand Division That we may call the western region. And the remainder of the Province with the exception of Mirzapur is the basin of the Gogra. The division here suggested is not a sacrosanct; it may be modified or subdivided after detailed examination. In a memorandum lately published by the Minister of Industries the planning and development of the province has been based on its administrative units in the shape of districts. But our administrative units do not conform to natural divisions. They are a haphazard delimitation based on administrative considerations. And therefore the division of the province for development purposes on the basis of administrative units would be a blunder of the first magnitude. For a decentralised working of the development scheme, in which the sons of the soil may play their proper role, the province will have to be divided into regions having affinity of natural resources and cohesion of human interests.

Our province is a land of rivers. Since time immemorial our civilisation has centred round the river streams. Our chief commercial and industrial towns and places of pilgrimage are on the river banks. It could not be otherwise; for water is the giver of life to plants. An agricultural civilization must centre round water. It may be of interest to know that in parts of central Asia land is measured in terms of buckets of water. We must, therefore, build a riverine civilization. In doing so the resource and potentialities of rivers, their capacity to supply water and electricity, must be viewed in their entirety. We cannot leave our rivers to flood the land when water is needed least and to shrink when water is most needed. We cannot allow them either to sweep away the rich top-layers of soil or to spread sand on the surface.

We shall have to store water and release it according to our needs. We shall have to plant forests, reshape mountains to check the downrush of rain water.

Most of these fundamental principles have so far been ignored by planners in our country. Generally, there is over-emphasis on industrialisation and large scale industries. Agriculture finds only a secondary place. Agriculture by nature is an enterprise of vast spaces and if industry has to harmonise and unify with agriculture, large scale factories must be broken up into small working units dotted throughout the whole land. There is nothing new in it, for even Ford had come to that view. It will avoid over-crowding and sense of helplessness which exist in a large enterprise which divorces management and workmen from one another. "It is a clear lesson of recent history that democracy cannot be real" says G. D. H. Cole "unless it rests on small groups as its basic units—on groups small enough to be competently administered and led by men of normal stature and mental make-up. This should make even socialists wary by now of tearing up by the roots any small man's refuge that is left in a world so ridden as ours by hugeness."

The reorganisation of land under a system of planned economy occupies a very important place, for land and labour are the two primary factors of production. It is a common place that good quality of seed, plentiful manure, improved implements and irrigation facilities are helpful to agricultural development. These things are necessary but we need something more. Agriculture is not merely the art of growing crops. It is a whole civilization. Experience has shown that tiny bits worked with the labour of the family have not only yielded low productivity but they have made

our peasant selfish, isolated and self-absorbed. He does not develop social virtues which are necessary for the growth of a society. Therefore, it is imperative for us to develop new social valuations.

There is a school of thought which expatiates on the virtues of peasant proprietorship. It considers that the profit motive is not only the strongest but the sole activating force. The lure of private property will convert sand into gold. The peasant proprietor will work hard and extricate more out of earth. This idea rests on the prevailing psychological conditions; but it completely ignores that man can live up to higher motives and valuations. And there is a good reason to think that the lure of private property has failed to solve the problem of poverty. It has failed to achieve higher valuations, economic and social. The crop of a peasant proprietor is not always better than that of a tenant farmer. Experience has shown that private property has not worked always as an incentive to production. Prof. Driver, while deposing before the Zamindari Abolition Committee, said that the myth of the lure of private property has been exploded by the miserable condition of the peasants in the ryotwari system in Bombay and Madras where the cultivator leads a most impoverished and wretched life. Technologically individual cultivation has many more disadvantages. The holder of a tiny plot cannot provide what the economists call management. He does not command capital. He has not the skill or the aptitude to introduce scientific discoveries or improved technique on his field. His life must inevitably remain one of hard work and drudgery.

In the United Provinces the small size of the holding creates even greater difficulties. Peasant proprietorship would be bad but not too bad if

every one had what is roughly known as economic holding. Statistics recently collected in 5 typical districts of the United Provinces, however, show that between 55 and 75 per cent of the holdings in the province are of less than 3 acres. Three acres are too small an area to give full employment to a pair of bullocks and a plough. As many as 15 to 20 per cent of the tillers have less than half-an-acre size holding. They do not own a pair of bullocks nor have they sufficient work for a plough, leave apart the use of good seed and manure. In many places well may, for a long time, continue to be the only source of irrigation. These plot-holders do not have a sufficiently big unit for a well. For them to work on isolated plots is socially retrograde, economically wasteful and nationally parasitic. An alternative method has been suggested in the shape of collectivised and co-operative farming. In collectivised farming the land loses its identity and the distribution is equalised. We have a traditional heritage of individualism and it may be found difficult to introduce collectivised working and principles all at once. The mid-way course of co-operative farming, wherein a number of tenants may pool their land, animals of husbandry, implements of agriculture and other resources together and do the agricultural processes either by division of work or through brigades collectively is the only alternative. After the payment of wage according to the work done, the residue may be distributed between the members proportionately to the capital contributed. Thus the incentive of private profit will not be lost. In working a co-operative farm there will be numerous economies which will not be available on the basis of individual farming. The large farm will command larger resources of capital. It will act as an insurance to equalise the



profits and losses of its members and in a big unit it will be possible to build up resources, which may be utilised in further investment to provide for the failure of crops. The difficulties of marketing and purchase of agricultural implements will, to a large extent, be obviated. These units will provide efficient management and serve as centres where social virtues and citizenship may develop. They shall have cultural and educative activities. They will provide amenities and conveniences which would be impossible in an individualistic society based on plot farming. We shall not need a host of rent collecting officials, who may become oppressive.

These are some of the problems that are confronting us today. They are even more serious than the abolition of Zamindari. For, after all, the abolition of Zamindari will leave the State with only about 8½ crores rupees annually after deducting the revenue demand, local rates, cost of management, short collections and remissions. Out of this recurring charges on the compensation—whether that be in the shape of interest and sinking fund on bonds issued by the State or annuities payable to the ex-landlords—will have to be met. The net profit to the Government is estimated to be in the tune of 2 to 3 crores even by optimistic observers. That will not solve our problem. We must, therefore, rebuild agriculture not on the existing pattern but with boldness and vision.

Mr. Nasir Ahmad has touched the various problems connected with land—its reorganisation, rural credit, co-operation, planning and development briefly. He has brought on them wide sympathy and a large vision. What he says will set the reader thinking on the most vital aspects of our economic and social life; may be that the reader does agree with all that the writer has said. I

have, however, no manner of doubt that the reader will greatly benefit from a perusal of the book.

Ajit Prasad, Jain.

Lucknow,

23rd April, 1947.

## Preface

With the achievement of political freedom diverse reactionary forces seem to have been let loose. Landlords and capitalists—until now the staunch supporters of British Imperialism—are posing themselves as upholders of the cause of 'truth' and justice and exploiting the sentiments of the masses for their sinister ends and purposes. They seem to have overnight grown philanthropic. These self-styled beneficiaries of mankind and 'trustees' of the nation are shedding crocodile tears over the sad plight of the agriculturists, the labourers and the handicraftsmen. One has only to look at the fumbings of zamindars in and out of season and the impotent gnashing of teeth of Seth Dalmia and Birla over minor insignificant issues in order to confirm the validity of the above assertion.

This change of sides of the bourgeois element in our midst is not surprising. Rather it is the only line of defence which can conveniently be adopted by them to guard against their possible extinction. Indigenous capital every-where in the colonies has shown a tendency to ally itself with national political upsurge in order to shut the doors to foreign capital and keep the spoils from internal exploitation to itself. When such political freedom is achieved it tries first to lay hands at the Government and transform it into an agency for the safeguard of interests and claims of the privileged few, and failing that, tries to rouse the people against the existing Government with a view to make it impossible for them to pull on for any length of time. Both these tendencies are noticeable in our country at the present.

Our line of attack in these circumstances

should be first to try for a merger of diverse progressive elements in the country and secondly to organise them on the basis of clear-cut economic policies. For that organisation alone will succeed in the long run which has for its programme the betterment of the condition of illiterate ignorant masses, whatever be the immediate hurdles in the way of its satisfactory working and progress. The strong hold of reactionary forces at present fogging the minds of the people is a passing phase and sooner or later when glaring realities come to the fore, it is bound to fizzle out. But we have to work for its dissolution and hasten the achievement of our economic objectives to which this political independence is only a prelude. Henceforth we will have to work out our economic programme in the interests of the common man and launch an all-out frontal attack on the exclusive rights and privileges of a handful of zamindars and capitalists. The lines of such re-orientation have been laid down in the essays which follow and I think my labours will be amply rewarded if they set the reader thinking over the imminence of the task that lies ahead. It has never been my object to coerce the reader into passive acceptance of the ideas and policies adumbrated in the course of my articles. On the other hand, mere arousing of interest in the problems that we will have to face and stimulating the people with a view to make them think in the directions set forth will do. Let us think coolly and calmly, evaluate the merits of alternative proposals that are advanced by advocates of diverse economic policies and strike the balance in favour of one which bears the test of reason and practicability alike. This is my sole purpose in laying down before the public what I consider to be the effective solution of our present economic ills.

I shall be failing in my duty if I do not acknowledge thanks to Mr. Gopinath Srivastava for kindly consenting to republication of many of these articles which were earlier published in the columns of the Hindustan. To Kausani Summer Camp of the Kisan Mazdoor Praja Party, held in June last under the presidentship of Shri S. K. D. Paliwal, Minister for Finance and Information, I am indebted for some of these essays which have developed from lectures delivered by me to party workers and volunteers. And to Mr. Ajit Prasad Jain I am grateful for writing a brilliant foreword to the book in spite of his extreme preoccupation with manifold activities.

Nasir Ahmad Khan

The University,  
Lucknow.

November 4, 1947

## Zamindars' Lament

For some time past the issue of landlordism has again come to the fore and, it seems, has gained a renewed momentum. Much of it has, however, been provided by the desperate pronouncements of the zamindars of the Province who, in an attempt to sustain the old world order, are taking recourse to measures which, if not provocative, are at best ridiculous. The zamindars, it has been reported, are forming associations with a view to consolidate themselves, will first negotiate with the responsible leaders of the country and, in case these talks fail, adopt such measures as will ensure their perpetuation and save them from possible extinction. Some of them have gone to the extent of threatening direct action in case their rights and privileges are not recognised.

Their daily organ the *Pioneer* has spent much ink and space in fruitless vindication of their cause and given undue publicity to the senseless utterings of a few of their veterans. Every day we come across one or the other news item, and often a small leader, in the columns of this 'esteemed daily' bandying the just and rightful claims of these benefactors of mankind and backbone of India's peasantry, showering encomiums on their past meritorious record and hurling brickbats on those who, possessed by an irrational socialistic fervour, are madly planning their liquidation. It is difficult in such a tense atmosphere of mutual distrust and egoism to treat the subject with impartiality and reason.

One should have expected that after the passing of the resolution on abolition of zamindari by the provincial legislature, the zamindars would have got the sense of the house and,

instead of forming a front against the popular clamour demanding their liquidation, adopted measures which would be beneficial to themselves in the long run. We are sorry to add that we have been woefully disillusioned in our expectations. As the old saying goes, prejudices die hard. No one would like to meekly submit whatever he has; but what is the other alternative? If events in Russia, and earlier in France, are any indicators of the trend in this connection we would shrink at the very idea of prophesying their occurrence in our country. But it is equally true that no one, not even the popular Ministry, can hold for long in check the raging storm against all forms of possession of means of exploitation and the mutual hatred and antagonism which such a system is breeding. Lest it be too late to repent we should work in right earnest now or never in order to effect a working compromise between the interests of the zamindars and the peasants.

Abolition of Zamindari, we forcefully contend, is long overdue and there is no scope for a compromise on this issue. The alleged injustice of such a move in the absence of simultaneous measures contemplated to abolish all forms of property ownership and utilization smacks of lack of knowledge of economic history and proper sense to interpret past historical events correctly. And if we are permitted to say, it does betray something more than this—a wishful attempt to stave off the evil day as long as possible and to side-track the very issue. The reviewer in the *Dawn* of 'Abolition of Zamindari', a brochure published by the *Hindustan Weekly*, who gloated on the principle of 'First Things First' and thereby thought he had struck a death blow to the whole hated move, must know this elementary truth that rent is the only form of surplus

that accrues in the economic field and that feudal retention of land is the oldest form of property ownership and mass exploitation and unless this is first liquidated, the path cannot be opened for the liquidation of other forms of property and joint-stock enterprises. A reformatory zeal, howsoever intense it may be, is bound to do more harm than good if it is not based on an adequate appraisal of facts and interpretation in the light of acquired knowledge and experience. We do not hold any brief for the capitalistic economic system. Nor do we owe deference to the 18th century bourgeois economists who, while advocating liquidation of feudal ownership on just and economic grounds, held that capitalists as a class were productive of revenue and that they should be retained if only because they create demand by their extravagant expenditure. We do not know if Ricardian nonsense can anywhere exceed a further limit. But we do hold that the zamindari system must be abolished before any progress is made in other directions.

We do not want to go into detail over the implications that arise in this issue. These we have set out in a series of articles published in the Hindustan Weekly and now consolidated by the Editor in the form of a book. What is more, we have also shown the way out of the present difficulties and briefly worked out the future pattern of land ownership and cultivation on the Russian model of collective farming—decidedly the best form of agricultural exploitation that has so far been practised in any part of the world. Suffice it here to say that we do not advocate insensible extermination of the zamindars from the agricultural fold, nor even their deprivation or confiscation of their rights by a mere stroke of pen. If we have been rightly understood we have always pressed



that adequate compensation should be paid to the zamindars and that the petty landlords should be treated as peasant proprietors which will help them more in their struggle for existence than if they were given a bare sum of Rs. 1,000/- each (for that is what a small zamindar paying a land revenue of less than Rs. 100/- may possibly get) and left to find out a living in industrial cities and towns. The amount of compensation, the form in which it will be paid and the manner of payment are all points of detail, but the crucial fact remains that due compensation must be given. The *Bombay Chronicle* reviewing the book, 'Abolition of Zamindari' in one of its leading editorials remarks: "It is significant that none of the contributors favours total or uncompensated expropriation. This is good augury for the success of an evolutionary policy of economic regulation." Not only this, I am personally of opinion that the zamindars can be of real service to the peasantry (which uptil now they are not) and that every effort should be made to bring them into the fold of cooperative farming and benefit by their experience and resourcefulness rather than have them out where they may always be fruitlessly trying to sabotage all progressive moves and ideology. I still hold my opinion, expressed a few months back that 'no community would like to divorce a section of its people with potentialities of progress and reform and to give them to the hazards of fortune' and that the remedy lies not in blind condemnation but in actual absorption. It is here that we look to the zamindars to decide their course. It is upto them to fondly hug a fetish when a change in circumstances has clearly proved its disutility or try to become more serviceable members of the community.

Let it again be stressed that the present system of land occupation, inheritance and transfer must

go. . Abolition of landlordism is a sacred trust on the shoulders of our legislators which they can neither shirk nor delay. They have heavily committed themselves to the electorate on that score and the latter are not going to be disillusioned this time. No amount of tenancy reforms will help to alleviate the distress. Nor can these be possibly used as a substitute for scraping out a system which is rotten to the core. We would implore that satisfactory measures should be taken by the ministry in this connection without further delay and at the same time wish that good sense may dawn on our landlords so that they may be able to see their own good and bad.

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# Compensation to Landlords

## *A Reply to the Questionnaire issued by the Zamindari Abolition Committee, U. P.*

### INTERMEDIARIES

*Question*—1. Who are the intermediaries between the cultivator (*i. e.*, the tiller of the soil) and the State? Should all of these be removed? If not, where would you draw the line?

*Answer:* The intermediaries are the landlord and his lessees. Often the tenant with proprietary rights is himself an intermediary. Sometimes the village Mahajan and Bania (trader) function as intermediaries where they have acquired rights in land by virtue of mortgages or purchase of encumbered land.

The aim should be to remove all grades of intermediaries between the cultivator and the State and confer proprietary rights on the tiller of the soil. In case this seems hazardous in view of the fact that the proposal might lead to a large number of evictions below the statutory tenant and, failing that, a great increase in rent, at least all superior grades in land beginning from Zamindar and upto the legal tenant must be acquired in the first instance. Later when this immediate object has been achieved, the task of conferring the right of raiyat or under-raiyat on the cultivator below the legal proprietor will have to be undertaken. With a view to ensure against any wholesale or illegitimate evictions or probable enhancement of rent (for this will form the basis of compensation in our scheme outlined below) suitable legislation will have to be passed.

Mention must be made in this connection of a proposal, advanced earlier, of treating the Zamindar paying less than Rs. 100 as land revenue to be outside the scope of compensation and acquiring the interests of those only who are above this limit. This would no doubt facilitate the task of liquidating the Zamindaris and also save a good deal of money that would otherwise be given as compensation to this horde of intermediaries, since the bulk of the Zamindars in U.P. come under this category. On further examination, however, this course seems to be fraught with risks. In case Zamindars paying less than Rs. 100 as land revenue are treated as so many proprietors, adequate safeguards must be made for their tenants who would then be classed as under-raiyats. Compensatory advantages will have to be allowed to the Zamindars in case they are denied compensation, however small it may be. This advantage may take various forms, for example, relaxation in rent payable by them on account of their Sir and Khudkasht (See answer to Question 10) over which they will have then exproprietary possession, and thus whittle down public revenue for all the years to come. In view of this it seems desirable to abolish all trace of Zamindari by one final stroke rather than keep a legacy of such interests, in whatever form it may be, for innumerable years merely for the sake of some immediate gain or facility.

As a less stringent measure, however, we would propose that option should be given to these Zamindars to demand compensation and give up their Zamindari interests in favour of the State or to retain possession over their land under such restrictions as may be imposed upon them and in lieu of such advantages as may be extended to them. Legislation preventing the eviction of under-raiyats below them and safeguarding other

raiya interests will have then to be passed immediately.

*Question—2.* If any of the present classes of intermediaries is to be retained what measures would you suggest for converting him from an intermediary to the actual tiller of the soil?

*Answer:* In view of the above recommendations, this question does not arise.

*Question—3.* Where a person is an intermediary in respect of certain rights, and also holds other right in land, which of such other rights would you acquire? Please answer this question with reference to:—

(a) *Sir* and *Khudkasht* which are sublet and which are not sublet.

(b) Wastelands and trees.

(c) Forests.

(d) Groves.

(e) Trees on boundaries of holdings.

(f) *Sayar* income.

(g) *Abadi* and pathways, and

(h) Tanks, wells and water channels.

*Answer.* The following rights will be acquired along with the intermediary interests which a person may hold in land,

(a) *Sir* and *Khudkasht* which have been allowed by the Tenancy Act, 1939 must, as far as possible, be retained in possession of the Zamindars. That may facilitate improvement in agriculture in view of the greater resourcefulness of the Zamindars and the comparatively larger area of such land than the probable holdings in which it may otherwise be split up. The portions of *Sir* and *Khudkasht* which have constantly been leased out since 1939, or alternatively for a period of 3 years during this time may, however, be acquired from the Zamindars.

(b) The rights in these should be abolished without any compensation.

(c), (d), (f) and (h). The rights in these should be acquired with due compensation.

(e) and (g). The rights in these should be abolished without any compensation. Where, however, it is found that the Zamindar has sunk capital on the creation, maintenance or development of any or all of these, or some portion thereof, he must be duly compensated on account of his total capital expenditure over these.

### COMPENSATION.

*Question*—4. What, according to you, should be the principle for determining the amount of compensation to be paid to those intermediaries whose rights are to be acquired?

*Answer*; There is *the* one principle governing the rate of compensation and it is as follows:—

The Zamindars were granted originally a rebate of 10% over the total rent collections as their share, by Regulation I of 1795. This ratio has been subsequently revised many a times in favour of the Zamindars giving them larger and larger returns from their lands without, in most cases, any substantial effort on their part towards increasing the productivity of the soil, effecting improvements in agriculture or extending the area under cultivation. These have been the work of actual cultivators rather than of the Zamindars as a class. The relaxations in revenue demanded (as a percentage of total rent collections) were mostly due to political and non-economic considerations. Hence Zamindars cannot claim to-day anything more than the cost of management of their Zamindari interests together with that of rent collection. This, as remarked earlier, was estimated at 10% when the Zamindari system was

introduced. Nor has anything to be paid to them on account of risk involved (as in permanent settlement) due to failure of crops, etc., since land revenue demand was never fixed in their case and remissions and suspensions of rent and revenue have always been granted in temporary settlement in the event of unforeseen calamities. The opinion, however, differs as to the exact cost of management and the percentage it forms of the total rent charge. This was variously estimated at 14 to 18 per cent. in the evidence forthcoming before the Land Revenue Commission, Bengal. The Court of Wards experience favoured the latter estimated while the majority of the Commission were inclined to accept the former. In our own province it has been estimated at 5 to 10 % by different writers (See Abolition of Zamindari, Oudh Publishing House, Lucknow), but we should think that 15 % of the gross rent demand is a fairly accurate estimate of probable costs. This is the percentage which can legitimately be demanded by landlords as their share and should, therefore, form the basis of compensation to be paid to them.

It is further proposed that this sum should be Capitalised. The practice followed in U. P. by Improvement Trusts, etc., is to assess the value at 20 times the annual rent estimate. The Floud Commission, Bengal have adopted various estimates ranging from 10 to 15 times the total net profits. I am inclined to accept the former rate which is also in accord with our usual practice. Thus compensation will amount to twenty times the cost of management which we have put at 15 % of the total rent collection. This would work out at Rs. 50 Crores approximately. The probable estimates of cost and net saving to government on the event of liquidation of Zamindari interests are as follows:—

The total rent collections in 1942-43 (the latest year for which figures are available) stood at Rs. 1,650 Lakhs and the land revenue demand at Rs. 612 Lakhs, giving the Zamindars a gross surplus of Rs. 10,38 Lakhs annually. After the Zamindaris have been acquired by the State this surplus will form the assets with the government. Out of it we have to deduct the costs incurred in management and rent collection that will obviously be taken over from the Zamindars. This would work out at Rs. 2,31 Lakhs at the rate of 14 % of total rent charge. A further margine of 10 % based on the estimate of Land Revenue Commission, Bengal, will have to be allowed on account of remissions and irrecoverables in case of droughts and failure of crops. The deduction under this head will amount to Rs. 1,65 Lakhs bringing the total under cost of management and remissions to Rs. 3,96 Lakhs. The government will thus be left with a total asset of Rs. 6,42 Lakhs after making allowance for these charges.

As proposed earlier the compensation will be based on the capitalised value (20 times) of 15 % of the total rent charge as the legitimate share of the Zamindars. This would amount to Rs. 49.5 Crores or roughly Rs. 50 Crores. I propose that in order to raise this sum loan should be floated by the government of U. P. Bonds will be issued to public and the Zamindars will have the option to accept payment in bonds or in cash. The duration of the loan will be 25 years and the rate of interest  $3\frac{1}{2}$  %. The Government of India in August-September last converted the  $3\frac{1}{2}$  per cent. loan of 1900-1 and earlier date into 3% conversion Loan of 1946, not redeemable before September, 1986, i. e., 40 years hence. The U. P. Government loan proposed by me should not, therefore, be difficult to float at  $3\frac{1}{2}$  % interest even though the sum involv-



ed is considerably large. As an instance the Government of U. P. (Finances Department) recently floated a loan of 2½ Crores redeemable in 1960 (i.e., 15 years after) at 2½% interest and it was subscribed in no time. A guarantee of interest by Government of India will go a long way toward facilitating the task of raising this sum.

The annual charge on account of interest at 3½% will amount to Rs. 1,75 Lakhs. A further sum of Rs. 150 Lakhs will have to be allotted as Sinking Fund charge at the cumulative rate of 3% so that the entire debt may be liquidated out of this charge within 23.5 (say 25) years time. The Government will thus be left with a net saving of about 3.17 or roughly 3 Crores of rupees annually over and above their usual revenue demand, after making allowance for all these items. This can be shown in a tabular form as below:—

Gross rental (1942-43)	...	Rs. 16,50 Lakhs.
Revenue Demand	...	Rs. 6,12 Lakhs.

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Gross Assets	...	Rs. 10,38 Lakhs.
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Cost of Management at 14%...	Rs. 2,31 Lakhs.
Remissions and irrecoverables	Rs. 1,65 Lakhs.

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Surplus	...	Rs. 6,42 Lakhs.
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Interest on loan	...	Rs. 1,75 Lakhs.
Sinking Fund charges	...	Rs. 1,50 Lakhs.

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Net Saving	...	Rs. 3,17 Lakhs.
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or roughly	...	Rs. 3 Crores.
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**Question—5,** Should these principles be governed by all or any of the following considerations:—

(i) That the intermediaries, particularly

Zamindars, have enjoyed progressively increasing incomes.

(ii) That there is nothing to prevent the passing of legislation enhancing the land revenue payable by the Zamindars.

(iii) The ability of the State to shoulder the financial burden involved, keeping in view the facts—

(a) that there will be considerable reduction in revenue derived from Stamps, Court-fees and Registration;

(b) that Government will have to expand the machinery for the collection of Government dues in future;

(c) that Government may have to be more generous than heretofore in granting remissions and writing off of irrecoverable dues;

(d) that Government may have to reduce the rental demand in many cases with a view to encouraging consolidation of holdings and for co-operative farming.

**Answer:** All the considerations enumerated under this head are implied in, and in fact strengthen, the above argument.

**Question—6.** Should all classes of intermediaries be paid compensation at a flat rate? If graded rates are adopted what are the grades in which you would classify them and what rate would you suggest for each grade? Do you propose to make any special suggestions in the case of joint Hindu families.

**Answer:** All classes of intermediaries should be paid at a flat rate. This is not to deny the justification of graded rates in view of the widely differing conditions of individual Zamindaris. But the proposal once accepted will lead to so many complications and so much hostility that it would be practically impossible to make any advance.

Compensation at a flat rate, though a little unjust, is more practicable and in the circumstances desirable.

*Question*—7. Should there be a special rate for waqfs and trusts? Would you distinguish between private and public waqfs and trusts? If so, what should be the criterion? In case of mixed trusts in which part of the income is meant for public use and part for private use, how would you treat the two parts?

How would you deal with cases of waqfs and trusts whose income is primarily intended to benefit private individuals and the benefit to be derived by religion, charity or the public is a remote or future contingency?

*Note*:—By public trust is meant a trust the income of which is used for a charitable or religious purpose; by private trust is meant a trust whose income is used for the private benefit of the donor, or his family or heirs.

*Answer*: There should be special rates for waqfs and trusts. The compensation should be such as would ensure them the present income or say, the average yearly income which they have enjoyed during the last 15 to 25 years. If the rate of interest on fixed deposit be taken at 4 %, they should be given 25 times their income; if at 3%  $33\frac{1}{3}$  times and so on.

Distinction will have to be made between public and private trusts, the latter being known as Waqf-al-al-Aulad. Private trusts are no better than any other Zamindari and should be compensated as such (see answer to Question 4). Where, however, it is found that part of the income of trusts is devoted to religious or cheritable purposes, it should be ensured in full and such portion treated as public trust and compensated on the basis proposed in this connection. The determin-

ation of such income and the portion it forms of the total income from the trust will be based on the average drawn from the last 5 or 10 years' record. In case of waqfs and trusts whose income is primarily intended to benefit private individuals compensation should obviously be on the basis proposed in paragraph 4. But such cases should first be decided by a special court set up for the purpose which shall deal with all doubtful cases and to which disputes by contending parties shall be referred. There shall be no right of appeal against the decisions of this court. It is only after the court has classed the trust, or a portion thereof, in any or all of the above categories that the trust or such portions as classed otherwise will be acquired on the basis proposed in paragraphs 4 and 7.

**Question—8.** In computing compensation would you lay down any different rates in regard to lands granted for rendering help to the British in suppressing the 1857 uprising? Will you distinguish between cases where such Zamindari is in the hands of the original grantee or his heirs and those where it is in the hands of a transferee for valuable consideration.

**Answer:** No.

**Question—9.** Should any distinction as regards the rate of compensation be made between those who acquired Zamindari rights for valuable consideration and those who obtained it by inheritance or otherwise?

Should there be a higher rate of compensation for Zamindari or other intermediary rights acquired during the last twenty years?

Do you think that any distinction should be drawn between private purchasers of such rights and institutions such as Banks?

**Answer:** The answer to first part of the question is No. Undue complications are bound to

arise if the proposal is accepted.

The desirability of fixing a higher rate of compensation for Zamindari or other intermediary rights acquired during the last 20 years or so cannot be easily disputed. But here again we have to keep in view some very serious considerations which deter us from recommending such a move. The proposal would involve fixing separate rates for each year of purchase of such rights within the specified limit, varying with the proximity or remoteness in point of time of such transactions from the date they are acquired. As such it is unworkable.

No distinction should be made between private purchase of rights and that by institutions such as Banks, for compensation purposes.

**Question**—10. How will the permitting of a Zamindar to remain in cultivatory possession of his *Sir* or *Khudkasht* land affect the rate of compensation in respect of such land?

**Answer:** *Sir* and *Khudkasht* in which cultivatory possession of the Zamindars will be maintained will not be compensated for. On the other hand they will be charged fair rent for such land, based on *equal* rent levied on similar soils in the locality.

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## Dangers of Peasant Proprietorship

We are once more called upon to review certain currents of thought underlying the move, abolition of Zamindari, and enter our protest regarding some ill-conceived notions about the future shape of land tenure, land ownership and mode of exploitation of agricultural resources. Abolition of Zamindari is now a past issue and we are happy to remark that there is no ground for controversy over an institution which is regarded as outmoded and anachronistic on all hands. The efforts made by the *Hindustan* and its able supporters, who were the first to throw the searchlight on the pernicious draw-backs of the feudal system and also gave concrete proposals for the future have amply borne fruit and educated a good deal public opinion into the futility and inevitable collapse of the present structure and the need, not for reform of the Zamindari system which, it may be noted, is beyond hopes of improvement, but for throwing the whole system overboard and evolving an altogether new pattern of land ownership, transfer and utilisation with stabler basis of lasting peace and prosperity. In short we have pleaded for a dynamic approach towards the subject and stressed the need for treating the institution in its proper perspective of forming a link in the evolution of property and methods of production and an important stage through which the course of economic history is led on the road to evolution of a full fledged socialistic basis of production and distribution.

The encouraging zeal and enthusiasm with which these ideas and analyses have met is manifest in the ever-increasing restlessness over the continuance of the present state of affairs and the frantic efforts of the Zamindars to restore their lost position and secure themselves against extinction in face of growing popular opinion moving away from them. The pressure of this public opinion has impressed upon the popular Government, who were themselves committed to the issue from the start, the urgency to expedite matters and soon lay out the plan of future course of development in the light of changed circumstances and in sympathy with the current notions about property ownership, employment of labour and agricultural enterprise. Consequently the resolution on abolition of Zamindari was brought before the General House and passed and the Government have set up a committee of legislators to devise ways and means for implementing the resolution and chalk out the programme for re-orientation of the present methods with a view to reorganising our shattered rural economy.

We are as yet unaware of the line of thinking adopted by this Committee, who have already submitted their preliminary report, and their notion about the future pattern of agricultural society and the course of development of agrarian economy, but there is a lurking suspicion in our minds, it may be frankly confessed, that a majority of the personnel are leaning towards peasant proprietorship as the best form of land utilisation and ownership. Some of the responsible leaders and members of Government have already given their mind in this direction and influenced the course the committee will adopt in its proposals and deliberation. It is with this part of the scheme that we find ourselves in utter disagreement.

In following, what Dr. Katju himself calls, the path of least resistance our leaders are erring on the side of simplicity and presiding, as they do, on the destinies of our teeming millions and directing the course of future progress, their preconceived notions and predilections in this regard will weigh heavily on the entire progress of society. There is need for them to realise their responsibility and proceed with caution. They should weigh and consider alternative authentic proposals which have been advanced from time to time and actually put into practice in many parts of the world with singular, unprecedented success with least bias and pre-possession and strike the balance in favour of that method which bears the test of reason and practicability alike. It is in this spirit that we want to put certain concrete, well thought-out proposals for their consideration and guidance.

We have all along felt that the substitution of a full-fledged peasant proprietorship for the present forms of land retention and exploitation is an ill-conceived remedy, not borne out by facts of history and practical experience. As such it will not help to alleviate the distress to any considerable extent or improve matters from a long-term point of view. The existing defects and drawbacks with which our agrarian economy is grossly infested, though largely due to the feudal system, are partly, and to an ever-increasing extent, inherent in the present outmoded methods of cultivation with, what may be termed, plough-and-bullock technique. So long as the farmer carries on cultivation on a three-acre farm unit, fragmented and scattered, with inefficient and crude methods and implements, so long can there be no appreciable improvement in his economic position. The utilisation of better manure and better seed, the availability of adequate water facilities and improve-



ments in methods of harvesting, threshing, storage and marketing, though helpful in themselves and destined to contribute largely to agricultural yield and prosperity, are, it may be remarked, only subsidiary issues. The fundamental fact is that the present farm-size unit is too inadequate and too uneconomical for better methods of cultivation to be usefully and profitably employed. And so long as better methods are not utilised and better technique is not brought to bear upon these methods, there can be no scope for a substantial improvement in production either per acre of cultivated land or per unit of human labour employed. Our methods of cultivation, and in particular the technique, are essentially outmoded, crude and inefficient and there can be no debate or controversy over it. The wooden plough which, in the words of Sir Malcolm Darling\*, looks more like an open pen-knife rather than an instrument of husbandry, scratching merely half an inch of top-soil instead of digging deep, the puny emaciated bullocks and buffaloes and grossly deficient man power eaten up by constant malnutrition and scarcity of food and fodder alike cannot help to restore, in their perpetuation, a prosperous agricultural economy which we are so anxious to build up.

And once the principle of a change in the present technique is granted, the impracticability of small uneconomic holding and the urgency to increase the farm-size unit becomes apparent. This increase can be effected only by some sort of readjustment of separate holdings of the cultivators and some coordination in their working methods brought about, not by ineffective consolidation measures such as have been tried uptil now, but by extending cooperation to a great

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\*Panjab Peasant in Prosperity and Debt

majority or all of the activities of the raiyat as producer, seller, consumer and a social being living in harmony with and cherishing the social and cultural ideals and aspirations of the village. That individualist private farming enterprise cannot achieve this, is clear. That full-fledged peasant proprietorship is itself susceptible to all the drawbacks of a zamindari system is apparent from the condition of the raiyatwari areas in the south which are fast degenerating into a nascent zamindari system and are experiencing all the evils of the latter, in an attenuated form though. That mere redistribution of the 'Sir' and 'Khudkasht' of the landlords among the cultivators, in the presence of a horde of non-cultivating raiyats and landless proletariat ready to clutch at land at any cost to pacify their traditional 'land hunger', will not sufficiently enlarge the farm-size unit also requires no great strain on the mind to conceive. Under these circumstances it is but natural that we should refer to cooperative methods of farming, marketing, purchase and living to find a ready and effective solution of our problems and present ills.

We have many a times stressed the potentialities of collective farming as the best solution for many of our present difficulties. It can ensure all that we want—better farming, better living, greater and improved yield and, what is more, a sense of security and cooperation in non-economic spheres of farmers' activity and a general social and political consciousness among the mass of illiterate and ignorant cultivators which we are anxious to infuse. To any student of Russian rural economy it should be clear that she would not have been able to win a totalitarian war of the magnitude history has never experienced, had it not been for the unstinted support and full-hearted

cooperation of her peasantry organised on Kolkhoz basis carrying out the directives of a central planning mechanism geared on admirably to utilisation of all the available resources for successful carrying out of war consistent with maintaining the social and economic stability within the country and the Kolkhozes with a view to preserve the morale and chances of orderly development in future post-war years.

Such an opportunity has now come and Russia is again pledged to stupendous efforts and activity, inconceivable in capitalist dominated countries, to improve on her pre-war position and present an unprecedented increase of food and raw-material production and economic boom in her fourth five-year plan which has been recently put into effect. Under these circumstances we hold, and hold with far greater force and conviction that we could have done in 1939, that the achievements of Russia and her incomparable economic system should not be weighed in terms of mere cost and price in the fashion of early 19th century classical economists, although this basis of evaluation, too, would keep it supreme over all the existing methods and one would have to confess its practicability and extreme usefulness as judged from the economic standpoint alone.

It has been stressed in certain quarters, however, that there is no sense in painting Indian economy with an European or for the matter of that, a Russian brush; and there may be some truth in the contention. We are not going lightly to brush the objection and it is in the spirit of a happy compromise that we offer the following suggestion. If it is sincerely felt that collective methods of farming are alien to the genius and tradition of our country, that they are not borne

out by the history of our people and have nowhere been tried so far in this country so as to throw light on their practicability or usefulness, let us try all the different methods, as did Russia too, and leave the future pattern of production and productive relations to evolve themselves out in the light of result of our varied experiments and under the stress of economic, social cultural and political influences in this country, Russia has not arrived at collective farming method hurriedly and by a mere stroke of pen. It experimented on all the three possible alternatives viz, state farming, Kolkhozes and the commune and there are still found in Russia the above two methods side by side the Kolkhozes which have emerged strongest and most successful in the course of trial and experiment. The uselessness and economic waste implicit in state farming have been amplified in Russia as in our country, too, by the failure of Government Agricultural Farms which are nowhere an economic proposition and are only maintained for purposes of propaganda and research. The impracticability of the Commune, at least in the initial stages and from a short-term point of view with reference to the present state of social and cultural evolution, is also clear. If the chances of its success were not visible in Russia with a developed sense of socialistic ownership and common living, they are still less in our country with the dominant passion for individualistic possession and enterprise.

Under the circumstances the only course left to us is to experiment with all the variants of cooperative farming, which it will be readily accepted, is more in accord with our traditional sentiments and practices in this regard. With this end in view model collective farms should be set up side by side with the cooperative farms and

joint tillage societies and the progress in each carefully watched. All these three alternative forms of cooperative farming can be distinguished by greater or less emphasis on collective or cooperative ownership of land, methods of cultivation and pursuit of other agricultural, semi-agricultural or even non-agricultural occupations. In the Joint village tenure only the methods of cultivation and labour force needed to carry them out may be socialised while the individual ownership of land and other farming materials will be left intact. Such a scheme has already been drawn up by Sir Malcolm Darling, Officer on Special Duty, Government of India, and we find ourselves in general agreement with the byelaws and particulars drafted by him to establish, what may be termed, 'Joint village management'. Similar such arrangement has been proposed by Tarlok Singh, I. C. S., in his thought-provoking book 'Poverty and Social Change', and his suggestions can also be fruitfully utilised.

In co-operative farming, however, the different plots of individual owners will be pooled for purposes of cultivation and cooperation will be extended to all the branches of agricultural activity. Means of cultivation will also be socialised, barring, of course, the small agricultural implements and live-stock such as poultry, pigs and goats etc. Ploughs, tractors, bullocks, harvesters and big farm machinery will be either state-owned and hired out to cooperative societies formed for the purpose on nominal rent or owned by cooperators themselves if they are well-off and in case sufficient capital is forthcoming.

In short, the actual cultivation processes, the means of production, the marketing of surplus produce and purchase of essential requirements will all be organised on a cooperative basis and

will be the function of a multi-purpose cooperative society with limited liability formed in the area. Non-economic social activities may be relegated to *gaon sabhas* organised on the lines of Dr. Katju's scheme, who will look after village improvement and rural uplift, health and hygiene and provision of social and cultural amenities.

The distinguishing feature of the cooperative method as against full-fledged collective farming, which we shall describe immediately, will be this that each cultivator will have the option, at any convenient time of the year or season, to fall out and separate his plot for purpose of cultivation and there will be no binding mechanism to keep the member perpetually in the cooperative fold. Then, again, the members need not pool all their land in the cooperative farm but may retain such portions thereof, decided by mutual consent, as they think necessary for carrying out their horticultural and dairy pursuits which will not be socialised, it may be remembered.

In the collective farm, however, this binding mechanism will come into force. Every person on the farm has got a birthright to eke a living out of the farm-holding and must be provided work. All means of production except minor implements and live-stock will be the property of the farm and all land will be jointly owned. The Govt. may recognise the inheritable right of the members to own land collectively but this land will neither be transferred to any other group nor be divided among themselves. They are jointly responsible for cultivating it, for selling the surplus produce and for paying land revenue to the State, in whatever form and to the extent it may be decided upon, and rent and interest on machinery and capital utilised by them. He who does not want to remain on the farm can go out and seek his

living elsewhere but he cannot demand either a separate share in the farm-holding or carry on pursuit not sanctioned, or not in the manner directed, by farm-members. Small plots of land, ranging from a bigha to one-and-a-half, may be left in family possession for purpose of growing fruits and vegetables, on the lines of *Usadba* (garden land) in Russian collective farms. Whereas the share of each member on co-operative farm as well as in joint village cultivation will be determined on the basis of work day units put in by him *and* the amount of land pooled for co-operative or joint cultivation, on the collective farm the basis of sharing the total yield among the members will be the amount of work alone measured in terms of work day units contributed by each and no account will be taken of the amount of land pooled.

All the allied occupations viz., dairying, cattle-rearing, production of milk and milk products, processing of grains and other raw materials; tanning, weaving etc. will be carried on 'jointly' by bands of workers in which the whole farm will be split up. Artisans such as blacksmiths, cobblers, carpenters and technicians will be an integral part of the farm and will be maintained by it. For all intents and purposes the farm will be a self-sufficient unit in a really dynamic sense. For this purpose it is necessary that the farm size unit must be sufficiently big and the number of workers sufficiently large to effectively carry on all the above pursuits. We envisage that a collective farm must not be of less than 2,000 acres in size with 200 to 250 workers on it in the ratio of at least 10 acres per family. Land for other agricultural pursuits, for example, dairying and cattle-rearing and for maintenance of village groves and pastures for supplying manure and cattle fodder

will have to be added. The heavy agricultural machinery will be provided by the State on such terms as may be agreed upon. Finances will be provided by the State on concessional rates.

The Govt. may give active financial help by providing subsidies and advancing part of the loan free of interest, part on nominal interest and by guaranteeing interest on outside loans raised for meeting rest of the charges by the collective farms. Non-agricultural machinery such as equipment and material needed by artisans and handicraftsmen will have to be similarly provided for. Elaborate details will have to be worked out for exact layout of each of the plans proposed above, areas for intensive operation marked and work begun under planned coordination and direction by experts on co-operative farming.

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## A Plea for Collectivisation

Whatever reasons may be adduced for lower yielding capacity of soil and backward farming methods, the uneconomic nature of the farm-unit and the pepperpot distribution of the tiny plots provide the two major handicaps. Fractionalisation by precluding the possibility of natural recouperment through nitrogen fixation leads to robbery of the soil. The double-cropped area, in consequence, appreciably shrinks and pressure on land is intensified. Thus both the alternative methods of increasing food supply, viz., intensive culture and large scale cultivation, are ruled out.

The evil of fragmentation is sought to be remedied by consolidation of holdings which is recognised as a "fundamental agricultural reform and the basis of the structure of better agriculture." But equally emphatically it can be asserted that the mere act of consolidating the separate plots of a farmer's undersized holding will neither appreciably increase its size, nor render it thereby economic. A consolidated holding is the same as peasant holding was before with the little difference that, whereas previously it existed in plots each too small for the plough to make a turn and situated at inconvenient distances from each other with the result that "the cattle of all are driven over the stubbles of all," it now forms a compact block. Which does not mean that it has overnight grown bigger. It still retains uneconomic nature, if uneconomic it was prior to consolidation.

It is not necessary to invoke the aid of elaborate statistical evidence to show that the farm holdings in India, in addition to being fragmented,

are, for the most part, undersized. Even taking a minimum standard of one acre per capita in view of the lesser food and clothing requirements of the people inhabiting the tropical zone (although 2·5 acres are thought indispensable in the West for supporting each individual), in four out of seven important provinces the crop area per capita falls much below the average minimum.

Crop Area per Capita.

Bengal	0·47	Madras	0·74
Bihar & Orissa	0·63	Punjab	1·12
United Pro-		C. P.	1·58
vinces	0·74	Bombay	1·61

The actual cultivation unit, however, is much bigger since a peasant holds more than one person's holdings. Taking an average Indian family to consist of 4·2 persons, the figure for this does not exceed three acres. Three acres can by no means be regarded as economically workable unit even under present farming standards. Support for the assertion is found in the fact that the peasant's farm provides him work for only a few months in the year. The absence of any surplus can be witnessed in freezing on credit and recurrent defaults in payment of landlord's dues. Which fact further brings to light the unprofitable nature of the family allotment.

The optimal size of the farm unit recedes further in case a change in existing methods and technique is contemplated. Such a change is long overdue in the interest of increasing agricultural productivity, but for the purpose of rendering the introduction of improved methods and appliances economically feasible, the production unit should first be sufficiently enlarged. This seems impossible of accomplishment unless all the plots in the locality are pooled together for the purpose of joint cultivation.

The alternative proposal of individual private capitalist enterprise is fraught with danger since it, by ousting the tenant-holders from the land and re-introducing them as wage earners, will lead to general discontentment and social repercussions of a far-reaching and undesirable character. State enterprise in the field is precluded by the experience gained in other countries, *e. g.*, Russia, reinforced by the results of experimental farms in our own country which are never a paying proposition and are only maintained as a measure of research and propaganda.

The centralised administration and decentralised control coupled with the functional specialisation in the joint farm make possible not only a better utilization of available resources but also facilitate improvements. Not every peasant is gifted by nature to be, at the same time, a good farmer, a stock breeder, a financier and a trader. But, as at present organised, he has to dissipate his energies over a number of different functions with the result that even if he be regarded an expert tiller of the soil by virtue of his specialised knowledge and inherited skill, he can hope to come out only second best in other spheres.

A joint farm by relegating the different functions to persons most suited for the purpose will counteract this deficiency: It will, moreover, command greater confidence; hence can attract larger amount of capital which will be absolutely necessary in the initial stages: It will introduce a measure of co-operative insurance against loss of earning through permanent or temporary incapacitation. Thus it will provide a natural base for multidirectional development of co-operative activities in the field of production and finance, marketing and purchase.

The plan is particularly feasible since the state

of our agriculture shows all the conditions precedent to the success of such an endeavour. Our methods and implements are primitive and operations on a petty scale. As such, the introduction of co-operative principle in this sphere does not stand the risk of encountering a clash of interest with the dominant organizational forms. On the other hand, if handled cautiously, it will involve least disturbance to current agrarian relations, hence is liable to least resistance.

With a view, however, to anticipate the great shock which a wholesale modification of organisation and technique, introduced in large instalments, will produced, it is proper in the interest of the success of the plan as well as greater appreciation of its advantages that the process be slowed down and beginning first made in areas without any established form of organisation or technique of exploitation. For the purpose Government may begin by establishing joint farms on land owned by the state or hitherto uncultivated. After the war is over, the rehabilitation of the soldiers will be the main item of the Government's post-war reconstruction plans. Large areas in the Terai which remain un-inhabited due to flood and malaria will, of necessity, be reclaimed and made habitable for the repatriated soldiers. Government, moreover, owns Nuzul lands in the eastern districts of the U. P. and there are vast uncultivated tracts in the Bundelkhand region. Similarly a large area, now under alkali, will be released for cultivation when measures are adopted for preventing soil erosion and reclamation of ravines.

Model farms may be set up in these areas which will serve as a nucleus for further intensification of the drive later on as well as provide stimulus to others. The land so reclaimed may be divided into a number of farm units of manage-

able and convenient size. For the purpose 400 to 500 acres seem to be the optimal size. A further quota of 200 to 250 acres may be reserved for common land, housing, pastures, groves and other purposes, thus bringing the total area, cultivated and uncultivated, under a farm to vary from 600 to 750 acres. These areas may be settled by repatriated soldiers, each farm comprising men preferably of the same caste or community in order to ensure greater social cohesion and interest. Care should be taken to allocate to each farm a number of working hands and dependents just sufficient to work it efficiently and profitably, no more and no less, so that the farm meets the requirements of a tolerably minimum standard of living.

The activities of the farm-holders will be divided into production, stock-breeding, subsidiary rural occupation and purchase. In view of this the estimate of 75 working men for each farm does not appear to be too high. Later on, however, as mechanisation is pushed further, the displacement of labour may be greater. The per capita acreage necessary for ensuring a minimum standard of living, however will differ from place to place according to local variations in soil fertility, climatic conditions, water supply, and nature of farming etc.

The extent of waste land in British India has been estimated at 94 million acres. Not all of it, of course, is cultivable. Conservative estimates put the area that can be reclaimed and brought under cultivation near about 60 million acres. It means approximately 100,000 farms can be organised in this area. The programme of rehabilitation and settlement may conveniently be spread over 5 years in conformity with the progress of the reclamation work. A beginning may be made by establishing 4,000 farms in the initial stage. In

later years, of course, the progress will be speedier. Hence 8,000 farms may be set up in the second year, 16,000 in the third 28,000 in the fourth and 44,000 in the fifth year, thus completing the task of reclamatory settlement.

The task of reclamation together with the development of roads, irrigation facilities and transport will, of course, have to be undertaken by Government, since the farmers will neither have the means nor the necessary equipments for the purpose. Similarly, where the land belongs to others, it will have to be purchased by Government for the settlers. The farmers will form themselves into a co-operative multipurpose society with common ownership in land, joint work on the farm and mutual sharing of the benefits. The farm will be looked after by an expert manager and accounts maintained by an accountant whose services have got to be paid for.

Government must provide the trained personnel and also improved seeds, fertilisers, implements and machines. For this purpose Central Machine Supplying Stations may be set up at suitable places. It seems fair that there should be at least one machine supply station for every 20 to 25 farms. The number of such stations and depots required in the first five-year period will be 4,800.

Taking an average of Rs. 10,000 to Rs. 15,000 as the capital expenditure required for establishing each farm, the total amount so required in the first five-year period comes to Rs. 100 crores. This will be divided in sunk and circulating capital. The responsibility for raising the amount can similarly be divided between the State and the co-operatives. The farmers must raise sufficient funds to finance their recurring expenditure, e. g., the payment made for the services of the managers and other paid staff, the purchase of seed, cattle, manure and

small implements. In order to attract sufficient amount of capital Government must guarantee a minimum rate of interest, at least in the initial stages. As for bigger machines and costly implements they must be financed by state borrowings and rented to the farms.

This, then, is the plan for rehabilitation. The next step over is collectivisation of land already held under cultivation. The task may be contemplated to be finished within 10 years so that the whole scheme of collectivisation and rehabilitation, introduced in three instalments of 5 years each, may finally come to a fruition within a period of 15 years. Of the land held under cultivation about 50 per cent is under ryotwari settlement, the Zamindari land both permanently and temporarily settled, and village community holdings occupying the rest. In view of the fact that the task is easier of achievement in ryotwari tracts because of the absence of intermediary interests between the landholder and the State, it is proper to make a start from this area. In Zamindari areas or village settlements, however, the complicated system of land tenure and the obstruction caused by the intermediary landed interests will prove a formidable obstacle and if the progress so far achieved has got to be maintained and disappointment avoided, right at the moment when the plan needs a final touch, intelligent persuasion and propaganda must be assisted to certain levels.

If considered necessary, the original boundary of the village may be preserved, provided it does not involve any serious tampering with the size of the optimum farm unit. The members of the co-operative farm will be its shareholders, each having shares according to the number of plots submitted, due allowance being made for grade and quality of land. If circumstances allow, a minimum limit can

also be fixed for the share-unit. For example it may be stipulated that each share should not be of less than 5 acres and hence no one will pool less than that acreage, the persons doing so (obviously because they have no more) should compensate on the basis of some valuation of land, say Rs. 100 for every acre.

To meet the reluctance of the landholders and cope with expected opposition and manipulation, suitable legislative enactments seem absolutely indispensable. Side by side, an intensive drive will have to be undertaken for setting up small-scale establishments such as those in Japan and China alongside agricultural planning, with a view to absorb the human energy displaced from agriculture. For, as conceived above, the farms cannot afford work for more than 184 million persons which means a displacement from land to the extent of more than 50 million persons at present directly dependant on it. As, along with the progress of the scheme, the population multiplies and mechanisation is pushed farther, this displacement will be even more drastic. Lest this unemployment potential may frustrate the success of the scheme a synchronous and equally rapid development of alternative avenues of employment has got to be envisaged.

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## Co-operative Movement in U.P.

The need is felt of reorganising the co-operative movement in view of the changing pattern of Indian economy chiefly due to the impact of war. This need was never felt so urgently as today since the condition of the agriculturist has severely deteriorated during the last few years. The Co-operative Societies Act was passed by the Central Legislature in 1904. Later on the base was enlarged and the scope and function of co-operative societies extended by the Act of 1912. Co-operation was hailed as the panacea of all rural ills and an effective means of putting our agrarian enterprise on a sound base. The progress, however, was slow in the beginning. The MacLagan Committee reviewed the situation in 1915 and pointed out weaknesses in the system and also brought out future lines of advance. The fate which the movement met during the depression years opened the eyes of cooperators. There was a wholesale liquidation of co-operative societies and those existing lay in a moribund condition. The faith in co-operative movement in general was shattered. There was a flight, as the Reserve Bank put it, from the fundamental premises of co-operative movement and an all round admission of failure. The depression brought to light, among other things, the very serious drawback in the co-operative structure viz. the 'partial and one-sided approach to the rural economic problem with relative over-emphasis on credit co-operation and comparative neglect of the essentials of co-operation in other important spheres of a farmer's life'.

Subsequently attempts were made to rehabili-

tate the movement and place it on a sound and more satisfactory basis. The co-operative movement henceforth witnessed a phase of 'rectification and consolidation, cautious expansion and experiment'. The basis of liability together with the scope and activities of co-operative societies were the subjects of acute discussion. The Madras Committee reporting in 1939-40 cast their die in favour of multi-purpose organisations with limited liability. They maintained that the principle of unlimited liability had outlived its purpose, that joint responsibility was a fiction and unlimited liability a burden, that it kept well-to-do agriculturists away from the society since they did not want to risk their fortune on account of the default of non-payers and that the weight of evidence received by them favoured a change to the limited liability basis. A small minority disagreed with this view and in their note of dissent held that unlimited liability was an essential and basic co-operative principle, that its replacement would undermine mutual trust and mutual knowledge and transform co-operatives into agencies of a centralised banking system and that an abrupt change would shake the confidence of the creditor and freeze the capital flowing to societies. However it may, the basis of limited liability was accepted in principle and the Thirteenth Conference of the Registrars held in December 1939 passed the resolution that 'the agricultural credit societies.....should ordinarily continue to have unlimited liability but scope may be given for experiments with such societies with limited liability.'

As a result efforts were made to organise village banks in suitable localities and many good societies were converted into multipurpose organisations. These newly reconstructed societies began to undertake activities other than credit alone and

included within their scope the organisation of production, marketing and distribution and the entire social and economic life of the agriculturist. They thus aimed at 'an all-sided development of agriculture and the betterment of the life of the villager from every point of view.' Various schemes were set on foot. The movement in Burma was virtually saved from its impending doom by the foresight and energetic action of U. Tin Gyi, the then Registrar, Co-operative Societies, Burma, who grafted 'marketing on to the co-operative credit structure and instituted what is known as 'repayments in kind' scheme. The Moradabad Bank in U. P. also took up the Grain Repayment Scheme but had to suffer heavy losses in the transaction. Societies and unions were organised for orderly marketing of the members' produce and branches were opened for distribution of essential commodities. The movement, it seems, began to emerge from the crisis it had come to.

Then came the war. The prices of agricultural commodities went high and the impetus to sell produce co-operatively vanished. On the other hand the necessity of purchasing essential requisites collectively began to be keenly felt and distribution business prospered chiefly in Madras and Bombay. The central banks, as also the co-operative societies, were saddled with surplus assets without any outlet for investment. Many of the members had repaid their loans and did not stand in need of fresh advances. The futility of undue emphasis on credit co-operation was once more emphasised. The war also gave impetus to the organisation of small industrial co-operatives and co-operation in this sphere prospered in many of the provinces among which U.P. occupies a no mean position. Beyond this very little seems to have been done during these long years of

economic and social crisis. The war, on the other hand, has left its legacy of consequent reorganisation and rehabilitation and unless it is taken up in right earnest the coming years may mean a very bad time both for the co-operative movement in particular and the Indian peasant in general.

To begin with let us take production first. There can be no improvement in the unhappy plight of the agriculturist unless the farm-size unit is enlarged and methods of production brought up-to-date. The co-operative movement has done little in this connection beyond consolidating a few hundred acres in a slightly reduced number of plots. And that due to lack of recognition of the co-operative method in the absence of any compulsory measure of legislation for effective consolidation work. We propose for this purpose compulsory consolidation of holdings, where a satisfactory number of peasants agree upon the system, through gaon panchayats where they exist or Consolidation Boards specially set up for the purpose. A steady drive should be launched for the organisation of village multipurpose societies which should take up the work of consolidation besides distributing improved seeds, manures and implements. They should also undertake marketing of the produce of the agriculturist satisfactorily. Regulated markets should be established on the lines of Berar or Bombay Markets Acts and licensed warehouses should be set up at suitable centres. Market practices, market charges and marketing methods should be standardised and the intermediaries functioning in the markets duly licensed. This will facilitate working of the co-operative marketing organisations which today are handicapped due to severe competition from the *Arhatias* and underhand means employed by

them. Above all, the Agricultural Produce Marketing Bill, 1939 should be passed into Act and strictly enforced. It stipulates that where 50% or more agriculturists, owning among themselves more than half the cultivated land in the area, agree to join the co-operative institution for purposes of marketing, the rest will have per force to market their goods through the co-operative organisation. This will give the necessary fillip to the organisation of societies for purposes of marketing members' produce cooperatively. Attempts should be made to standardise weights and measures. The Provincial Marketing Staff, U. P., is trying to enforce the Weights and Measures Act passed by the Central Legislature in 1939 in important *mandis* in the province and suitable measures on these lines have been taken in other provinces as well. There should be increased activity on the part of municipal authorities and local boards in charge of health for detecting adulteration and Govt. should provide greater facilities for satisfactory grading and marking of such of the produce as is forthcoming for sampling. Financial and other help should be given to co-operative marketing associations as they provide the best means of orderly marketing in the interest of sellers and consumers both.

The co-operative distribution business has prospered much during recent years in Bombay, Madras and U. P. But with the cessation of war it is feared that the impetus of high prices will be gone and as things become freely available this business will have to be wound up. Urgent action is, therefore, necessary for keeping the field to the co-operatives which they have acquired during the war. Co-operative stores should be set up at suitable centres. Consumers' Co-operative Societies should be organised and the village co-opera-

tive associations should take up the task of distribution of essential commodities. Things should be supplied at competitive rates with an eye not on amassing fortune but rendering service to members and due stress should be laid on rationalising the management and training the members and staff into business principles. Effective legislation, where necessary, should be provided for.

A very important sphere of co-operation 'uptil now sorely neglected' is the application of the principle to the organisation of handicraft workers and small scale producers. Industrial co-operatives have been organised during war for providing material to the Military and Civil Supplies departments but with the termination of war, they are experiencing a slow decline. Renewed efforts should be made to sustain these co-operatives and direct their efforts towards supplying civilian needs by giving them every possible assistance in procurement of raw material, plant equipment and other accessories and by providing facilities for orderly marketing of their goods. Stores have been opened in urban centres in U. P. for marketing goods produced by the industrial societies and they need be multiplied so as to cover all the important towns and cities. Government may subsidise small power plants supplied to industrial societies, may undertake to provide them better and new designs suitable to modern fashion and may even advertise their goods in foreign countries through special sales emporiums opened for the purpose.

The structure of co-operative credit should also be improved. Uptil now societies desist from lending for purposes other than productive. But we have to deal with whole-man and not the agriculturist in particular aspects of his life viz.

those connected with production, marketing or distribution separately. The cultivator requires credit not merely for purchasing seeds and implements or marketing his crop but for consumption or meeting such contingencies, e.g. necessary expenditure on ceremonies etc., which he as a human being cannot curtail. Since the co-operative societies do not accommodate him on that account he has perforce to take recourse to the village mahajan or the bania, who, realising the position of the borrower, dictates his terms. The activities of the cultivator are thus tied up with the loan taken from the bania and his allegiance is divided between the co-operative and the village mahajan. If the societies want successfully to tackle the problem of rural credit they will have to shun their age-long prejudices against granting consumption credit and will have to give out loans to members for meeting such of their necessary expenditure which they cannot avoid. Suitable amendments will have to be made in the bye-laws to this effect. Proper outlet should also be found for the surplus funds of the central banks and credit societies. Now that the U. P. Provincial Co-operative Bank has been established, it is hoped it will provide the necessary facilities for interlending and outside investment of co-operative capital in such a manner that it may readily be forthcoming for use of the movement when required. It will, moreover, attract capital from source hitherto untapped—not excluding even Joint Stock Banks which usually do not grant credit to co-operative banks because of insufficient security offered by them and risky nature of agricultural investment. Care should also be taken to see that the amount received by the societies is disbursed equitably among members and not appropriated by a few as

is the practice now-a-days. The rate of interest charged should also be considerably lowered. At present this rate is high enough, ranging between 12 to 18 per cent, and does not compare favourably with that charged by village mahajan for his unsecured loans.

In addition to all these activities the co-operatives will have to take more and more interest in improving the moral tone of the members and reorganising their social and corporate life. For, if co-operation succeeds it will do so in an atmosphere of goodwill and cheer and not that of heart-burning, gloom and despondency. Gaon panchayats should take up the task of improving health and sanitation in their respective villages. Medicine chests should be stocked, schools may be started, adults and women may be given education in the evening, clubs and social gatherings may be organised and dance, *natak* and folk songs revived. The gaon panchayats through these measures can become a real instrument for improving the moral and physical condition of the villagers and can play a no mean part in reorganising that old village community life which has shattered under the impress of imperialist-landlord-moneylender exploitation. The Rural Development Department did some useful work in this connection but the effort was unnecessarily duplicated. Now that the Government have shown their intention to merge the department into Co-operative, these activities can safely be taken over by the co-operatives themselves. The societies can bring home to the illiterate agriculturist the benefits of co-operation by organising fairs and exhibitions where co-operative success may be publicised through lantern slides, pantomime shows and cinema reels. Every effort should be made to invoke the spirit of co-operation among the members so that they may



not regard the organisation as one imposed from outside but one which they have started, which they will nourish and which they should see through.

The co-operative officials themselves need training in the co-operative technique and methods. Usually the staff is so engrossed in the work of supervision and audit that it scarcely finds time to devote its energies to other more profitable activities. The job must be made more attractive and men of required calibre with passion to serve humanity must be recruited. Proper facilities for training them in the essentials of co-operation and the co-operative method must be given. Government should send some of the students and officials to study the movement abroad and ample funds should be provided for propaganda and research. Above all, non-official co-operators should take an increasing interest in the welfare of the movement and should not forsake the Department into the hands of officials. The way in which the movement has been run upto now through official red-tapism is a sad commentary both upon the intentions and policy of the Government and the activities of non-official co-operators. We sincerely hope the people in general will wake up to the necessity of taking up the reins of the movement into their own hands and remove the blot of officialism labelled on the cooperative movement in this country. As the necessity is realised, interest and action will be forthcoming. Leaders among peasants will arise and by their sincere efforts will lead the movement on the road to success. Let us consistently bear it in mind that co-operation is the only hope of desperate, illiterate peasantry and if co-operation fails, there will fail the best method of reorganising shattered Indian economic life.

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## Re-orientation of Co-operatives

With the resumption of office by the Congress Ministry a new life has been infused in the development activities of the Province. The variety of such measures which are going to be taken up is apparent from the first provincial budget prepared by the Socialist Minister Shri Sampurnanand. It may be cheerfully admitted that one of the first objects of attention of the popular administrators has been the cooperative movement in the Province. In the hands of the able Development Minister, Dr. Kailash Nath Katju, it is bound to prosper and march on with rapid strides towards the millenium long promised to it by each and every writer on Cooperation. Dr. Katju is possessed by a missionary zeal and has an intuitive faith in the potentialities of cooperation. As such, from the day he resumed office he has been ceaselessly trying to bring the movement out of the mire of red-tapism and characteristic shortsightedness of the Advisers' Regime and rebuild it so as to place it on a sounder and ever-expanding basis. And in the true spirit of a popular Minister he has from time to time given due publicity to his schemes and their implications in the course of his lectures, radio talks, opening speeches and so on. This is a welcome sign indeed and we hail his reconstruction measures with all the sincerity and enthusiasm we command.

As Dr. Katju admits, cooperation had fallen into bad times during these long years of war and strain. There has been some development along a few lines. The much sought for Provincial Cooperative Bank came into existence on Decem-

ber 10, 1944 and two other apex organisations viz. the Provincial Cooperative Development and Marketing Federation and the Industrial Federation were set up in the midst of the war, or as some would say, due to it. The credit for it goes exclusively to the former Registrar, Mr. Hasan, who in spite of the tremendous difficulties under which he had to labour did not get daunted and it was his untiring efforts and remarkable insight into the movement that produced such admirable results. As is clear from the reports of the Department, the consumers cooperative movement got a distinct fillip during war so that our province now stands second only to Madras in regard to distribution of essential commodities where the Triplicane Movement is of long standing and has already gathered much momentum.

Side by side, the cooperative marketing movement has also been greatly energised. During 1945-46 the total value of commodities distributed by the cooperatives is estimated to figure Rs. 350 lakhs approximately. The Provincial Cooperative Marketing Federation is now the largest cooperative trading society in India with a working capital of about 40 lakhs, owned capital of about 10 lakhs and a yearly turnover of about 250 lakhs. It has about 30 branches spread over 40 districts and has supplied profitable business to about 50 unions in the Province, many of whom would have languished due to want of support. These are inspiring achievements no doubt. The Industrial Cooperative Federation has similarly done some useful work in organising the weavers societies mainly with a view to supplying war requisities but its activities are now being switched over to the catering of civilian needs and provided it gets the needed help and encouragement it may one day vie with any contemporary organisation in

India in the industrial field.

Beyond this little seems to have been done. During the past few years when all the available resources of the country were being mobilised for successful utilisation in winning the war there was no scope for launching any programme of cooperative expansion or even consolidation with the result that cooperative movement was bound to be stagnant. Whatever improvement we notice was due to, and not in spite of, the war. In fact there was some deterioration in the pre-war position in certain fields of cooperative activity as the Hon'ble Minister now discloses. Before the Congress Ministry left the office there were some 2,000 multipurpose societies working in the province. 'During the war the Advisers' regime shelved the plan for the formation of multipurpose societies and even the societies already formed languished with the result that there is hardly any genuine society of that type'. The post-war development schemes, prepared by the Department, did, however, include a scheme for the development of credit with marketing. This scheme has now been modified so as to form an integral part of the cooperative development plan—the extension of better farming and better marketing operations.

Dr. Katju, as we all know, is a strong protagonist of multipurpose cooperative organisations and he has drafted his scheme in the light of this accepted principle. He envisages multipurpose cooperative to be organised in each village and the drive to be launched in about 3,000 villages. These cooperatives, he contends, will undertake the organisation of both farming and marketing methods and will be truly better farming and better marketing societies. The actual details he has worked out have been published in pamphlet form and have, from time to time, been also

radioed. Side by side, he envisages the organisation of gaon sabhas which will undertake the non-economic development activities very much after the fashion of rural development organisations which will, it is hoped, be merged in the new scheme. Further, in order to save the cultivators from the litigant spirit, adalati-panchayats will be organised for every six villages having a panel of 30 jurists recruited from respective villages in the ratio of 5 from each and all the matters of local dispute will be settled by them on the spot without recourse being taken to the regular law court which will not be empowered to deal with such cases unless certified by the District Magistrate. Lawyers and touts will not be allowed to appear in these adalati-panchayats and disputes will be settled by village representatives (Panches) by personal hearing and investigation.

So far so good. But the difficulty arises in the demarcation of functions of these village bodies or at least between those of the two earlier mentioned viz. the cooperative multipurpose society and the gaon sabha. As we have understood it upto now, and as stressed by the Madras Committee on cooperation, the cooperative multipurpose organisation is to undertake all such measures of economic and social improvement which are here allocated to two distinct types of organisation. Which does not mean that we do not recognise the principle of cautious expansion. Multipurpose society, we hold, should first integrate marketing with credit and this view has found favour with Reserve Bank of India also which has contended that we should not plunge headlong into multipurpose experiment without fully appraising the difficulties and drawbacks, potentialities and limitations of this method. But what holds the Hon'ble Minister back from gradually ex-

tending the scope of multipurpose societies, as experience is gained, so that they may at one time fully embrace the whole corporate life—economic as well as non-economic—of the village? Why this dual organisation of the village activities and regimentation of the economic and social spheres of interests into water-tight compartments? For one thing, complications are bound to arise in this plan. There will be unnecessary duplication of effort and we fear there may be even serious overlapping in the functions of these two organisations. How far does this scheme differ from the earlier concept of retaining, side by side the Cooperative Department, a Rural Development Organisation whose only drawback, it is understood, was that it served as a competitive rival of the existing cooperative organisation in the village and at times even hindered its successful working and expansion? We are strongly of the view that cooperative movement is bound to fail, as it has failed 'uptil now, if we do not deal with the 'whole man' and try to tackle the various ills of the cultivators separately and in their respective branches by means of organisations set up exclusively for single or dual purposes. If integration of marketing is necessary for the success of credit cooperatives, cooperative education and provision of social amenities are equally essential for the operation of a multipurpose credit organisation and must be tackled by one and the same organisation with a view to facilitate equal progress being made in all the required directions. In fact the tragedy of cooperative movement in our country has been that it has 'outrun co-operative education', due to a very great extent to the pre-occupation of the cooperatives with credit or purely economic sphere of the villagers' activity.

The next important point we want to raise is

in connection with Dr. Katju's insistence on the individual peasant proprietorship and his emphasis on the corporate life in the village. To be frank, there is no such community life now existing with the clear antagonism of interest subsisting between the rapacious moneylender and zamindars on the one side and the poor cultivator-debtors on the other. Leaving this issue for the time being, what is there in the individual peasant proprietorship which should give it an undue premium in a programme of agricultural development and rural uplift? Are we still to believe in the capitalistic economic doctrine that the magic of property can turn sand into fertile field, and is peasant proprietorship wholly immune to such drawbacks as exist in the zamindari controlled areas in our country? If experience can be of any help, we know with certainty that the raiyatwari areas in the south are fast degenerating into a nascent zamindari system and the cultivators there are experiencing in an attenuated form all the evils from which their brethren in the northern areas suffer. Are we not to benefit, then, from the experience gained in other countries of collective methods of farming and sale merely because no such experiment has been made in our country upto now? How does the Hon'ble Minister conclude that individual farming will provide all the advantages which any alternative scheme of agricultural reorganisation may secure? The only merit which this scheme possesses, we fear, is that it is the path of least resistance.

Peasant proprietorship is bound to fail and, hence, should not be the groundwork on which future plans can be laid down. Alternative measures will have to be explored, with drastic modifications even in order to suit the peculiar circumstances of the country. No wholesale

cooperative or collective farming method imported from a foreign land and which bears no relation to our characteristic genius and economic and social problems will prosper; but full-fledged peasant proprietorship is also not the cherished goal. The truth has to be faced squarely. If individual proprietorship has failed it is not simply due to the existence of a class of feudal landlords and moneylenders who have subsisted on land. Its roots lie deeper in the increasing pressure of population and the lack of scope for introduction of better scientific methods of production and new technique so long as the farm-size unit remains uneconomical for such an improvement to be successfully undertaken. What is required is not to leave the cultivators to plough their 3 acre farms in incompact blocks but to consolidate their fields, with statutory measures if necessary, and to introduce some system of co-operative or joint cultivation in order to realise the benefits of corporate enterprise and make the co-operative movement truly co-operative in its character and essence. No half-way measures will serve the purpose.

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## Cottage Industries & Co-operation

Handloom weaving, tanning, leather work, metal industry, glass work and toy making are the important cottage industries in U. P. Of these, hand weaving being the greatest single small scale industry naturally received the first attention of the Cooperative and Industries Departments.

Although a large number of weavers reside in villages, handloom industry is not a rural craft subsidiary to agriculture. According to the recent findings of the Fact Finding Committee it is particularly an urban industry carried on by professional weaver castes such as Julahas, Kamalias and Pursutias, numbering 2.5 lakhs out of which 74.2% are full time permanent weavers and only 25.8% are part time workers who work from 3 to 5 months in the year and may, in slack season, supplement their income by other subsidiary occupations. The total number of persons directly and indirectly connected with the industry is 7.5 lakhs including women and children who help in various preliminary processes.

On the whole, while wool weaving is carried on in the western districts of U.P., cotton and, of late, silk and artificial silk weaving is concentrated in Eastern parts where also weaving of finer counts is centralised. The average income of a cotton weaver in districts like Muzaffarnagar, Raebareli and Moradabad where weaving centres are not well organised is as low as Rs. 45/- per annum, whereas in Fyzabad, Azamgarh and Ballia it may be as much as Rs. 135/- per annum. Artificial silk weavers and silk and wool weavers are definitely better off. That there has been some deterioration in the condition of the handloom

weavers due to mill competition, is undeniable. As compared with the increase of 479% in mill production in the country during 1901-39 handloom production experienced an increase of 54% only. Thus while mills have been continuously expanding their activities, the share of handlooms in the total production of cloth has declined from 60% to a mere 29% within the same period.

There are about 2 lakhs of looms. Most of these are, of course, throw shuttle looms. Contrary to all expectation, powerloom has not been successful. Some efforts were made to introduce power in silk weaving at Saharanpur, Cawnpore and Benaras but the attempts failed. The difficulties at present facing their introduction are heavy initial cost, lack of facilities of credit, difficulty of supply of power, lack of technicians as also lack of sufficient demand for hand-loom goods to run them remuneratively. Co-operative societies may well take up the task of introducing powerlooms in areas served by the Hydro-Electric Grid Scheme, with the help of the Government, who may either arrange the supply of such looms on hire-purchase basis or subsidise them and may also arrange for the prompt services of the technicians and experts.

Kaleidoscopic changes in the tastes of men, women and children as have occurred during recent years, could not but have far-reaching repercussions on hand loom trade. In general, the tendency is towards greater use of plain white clothes and a growing distaste for ornamental cloth and elaborate colouring which unfortunately is the field where handloom excels. The extinction of pugree weaving industry of Sikandrabad and the decline of trade in *tapti* and *lehnga* cloth as well as in silk and lace bordered saris is a case in instance. The weavers have tried to adjust themselves by shifts in other lines e.g., production of cheap silk and art

silk fabrics, *Kela* saris and *reshmi* shirtings, but the signs of maladjustment are clearly discernible.

Handloom consumption of yarn is rather more evenly distributed over different counts, but both in low as well as in high counts the demand from handlooms definitely exceeds that from mills. The village weaver uses mostly yarn of coarser counts whereas centres catering for well-to-do customers or producing for foreign markets consume mostly finer variety of yarn. Yarn of very low tensile strength is, again, too fragile to be trusted to mills. The percentage distribution of the mills, however, steeply rises in the range of 11 to 30s and it is here that severe competition between handlooms and the mills exists. Recently there has been a tendency towards reciprocal encroachment into one another's sphere, mills trying to enter the field exclusively held by handloom, and handlooms retaliating by copying the designs of the mills. Thus competition has become keener and ill will stronger. The Madras Committee on Cooperation suggested *some adjustment of the sphere of mill and handloom activity* with a view to avoid competition. The Bombay mill-owners in their representation before the Fact Finding Committee also seem to favour the proposal. The All India Handloom Board recently set up may well take up the case for further investigation and suitable legislation.

As at present organised, the industry suffers from many handicaps. The handloom weaver still uses his obsolete plant, archaic designs and yarn of inferior quality. Apart from the methods of production, the machinery of finance is extremely usurious and marketing arrangements not only unduly elaborate but also expensive and even exploitative. The preliminary prerequisite of

uninterrupted availability of cheap and good quality yarn which constitutes about 60% of the total cost of the fabric is hardly, if ever, satisfied. Yarn is supplied by dealers sometimes on the condition that the output will be sold to them, certainly at reduced rates. The weavers have to pay higher prices varying from 6 pies to 4 annas per bundle of 10 lbs. If the yarn dealer is a cloth merchant as well, he may supply yarn on credit visibly on no interest, deducting the price of yarn from that of cloth. In case of delay interest is charged varying from 3 to 6 pies per rupee. The scope of enterprise of the handlooms being limited by the supply of yarn in the locality, which is not of a good quality, it acts as a bottle-neck in the way of any advancement of the industry.

In marketing, as well, there is a needless multiplicity of middlemen who sap away the residual income of the weaver. The village weaver generally retails his cloth himself while in big centres *arhatias* or *Sattivalas* act as commission agents as well as financiers and adjust supply to demand. Usually they charge annas 8 per cent from weavers. But in certain speciality fabrics the middlemen's cost may vary to any extent between 5 to 46% of the price, whereas in case of Benarsi saris their profits may go up to even 100%. Moreover the practice, adopted by *arhatias*, of arbitrary reduction of price on every bazar day in order to effect greater sales and gain more profit on a larger turnover forces the weavers either to reduce the earnings or to deteriorate the quality, which latter course they naturally adopt. Handloom fabrics have a notoriously bad finish because of primitive methods adopted for the purpose. Some 3 to 5 bowl calenders have been installed at centres like Etawah, Tanda and Mau. There is a greater need of such calendering plants at these

and other centres. As regards dyeing, too, much remains to be done. The dyeing processes being elaborate, handloom goods cannot expect to be properly treated due to small scale work with the result that they do not usually stand normal washing. Handloom weavers seldom use mill-dyed yarn. There is also a dearth of dyeing factories in the province. There is a great demand for them in various important centres where experts may undertake the work and produce uniform shades. The railway policy, too, needs a radical overhaul. At present they have special station to station rates and charge at a lower rate for pressed bales. Handloom cloth being rarely packed thus fails to avail itself of the concessional rates. The unit of concession, too, should be reduced from a bale to a bundle.

Some of the fabrics like *lungies* of Barabanki, towels, bed sheets, table cloths and domestic furnishing fabrics introduced by the U. P. Handicraft have an India-wide sale while others like Lucknow and Farrukhabad prints, Jamdani and Benares Saris are even demanded overseas. Special efforts should be made to develop our foreign markets. Government may send persons for the purpose of propaganda as also to study the tastes of foreign people in order to enable the weavers to cope better with their requirements. Other restrictive handicaps such as the prohibitive cost of transport and various octroi charges should be removed.

During war time the industry has received a decided fillip and the demand for handloom cloth has increased both within as well as outside the country, e.g., in countries of the Eastern and Middle East Group. In order to cope with the war orders of the Supply Department and provide financial help, technical guidance and marketing facilities to the

cottage industries, the U. P. Provincial Industrial Federation was formed in 1941. With the help of Government advance which gradually increased from Rs. 5 lakhs to Rs. 24 lakhs, the Federation was able to supply hemp products valued at Rs. 37.6 lakhs and cotton goods to the value of Rs. 72 lakhs. Hemp products consist of camouflage nets, tat pattis (which has prospects of survival even after the war) Salitahs etc, while cotton goods comprise napkins, H. B. towels, buckess, mosquito nets, pattis etc.

After this high degree of business activity and employment there is a danger of shrinkage and slump after the war. Some of the weavers have shifted their line of production to the supply of war materials e. g., the carpet weavers of Fatehpur have all taken to *newar* weaving. Their re-adjustment after the war is necessary. The revival of a great demand in the country as well as demand from other nations will, to some extent, automatically counteract the tendency towards depression. Still Government aid will be required at the right moment and opportunity should be availed of for stabilising foreign demand on a permanent footing. Import controls should not at a stroke be abolished but should, instead, be regulated in adjustment with the competitive power of the home producers. Suitable legislation will be necessary for mills to stamp quality and ceiling prices (fixed by Government) on yarn, all dealers in yarn to be licensed and allowed a certain profit on mill price of yarn and floor prices of all handloom products to be fixed. The Madras Committee on Cooperation recommended the organisation of the weavers into primary societies and the establishment of an apex organisation viz: The Provincial Handloom Weavers' Co-operative Society. The Fact Finding

Committee suggest the formation of an all India Handloom Industry Board and the levy of a cess on the sale of the mill cloth with a countervailing duty on imports and any other suitable legislation to meet the financial needs of the Board. The first part of the recommendation seems to have received sympathetic consideration by the Government as is evidenced by the recent formation of the All-India Handloom Board. The Fact Finding Committee further suggest that this central organisation should function with the help of provincial organisations set up for the purpose. The Provincial Industrial Federation is thus a particularly suitable organisation not only to serve as a *medium* for the activities of the Board but also to act as a coordinating agency between producers' and consumers' co-operatives if organised. Every effort should be made to help the Industrial Federation not only to go on functioning but also to expand its business and circle of activities. At present there are only 84 Weavers' Societies and 12 Central Unions. These have to be guided and controlled at every step by a paid staff which they cannot afford to keep. Efforts should be made to include all the weavers within the fold of co-operation. Now that the Provincial cooperative Bank has been set up, it will be of great help in providing cheap credit. The Government should come forward with a bold policy for helping the handlooms to survive not as a relic of primitive economy but as a corner stone of modern decentralised economic system. The grant-in-aid of Rs. 5 lakhs is hardly just in view of the huge profits reaped by the mills by such measures as import duty on foreign yarn which hit the handloom hard. Nor will the handlooms stand in need of financial assistance for long. The mills, too, should help in the resuscitation of their sister branch.

## India's Food Crisis

Our present food crisis is not a passing show. It is at once the result of two hundred years of imperialist, landlord and moneylender exploitation and a portent of graver evils to follow. The ground prepared by the parasitic feudal land monopoly, the depredations of the usurious merchant-money lender and, above all, the 'robber exploitation' of the imperialist domination is grimly bearing its fruit. The truth of this contention will be borne out by the recurring famine incidence and mortality in the latter half of the nineteenth century. Below we reproduce a table given by Dr. G. Adhikari in his Food For All showing the number of famines and toll of life (as estimated by Digby and Lely) during the last one and a half century.

Period	No. of famines	Estimated mortality
1775—1800	3	—
1800—1825	5	1,000,000
1825—1850	2	400,000
1850—1875	6	5,000,000
1875—1900	18	26,000,000

Add to it the widespread food shortages throughout the country during 1943 and the unprecedented Bengal famine with its death roll of 35 lakhs of people and another 12 to 15 lakhs of men, women and children turned into beggars and a still greater number falling prey to epidemics and disease which ravaged the Province during 1944 as the aftermath of famine\*, and the picture will be complete.

Such being the case, it is no wonder that we are

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\*See Rural Bengal in Ruins, by Bhawani. Sen



again in the throes of a yet more calamitous country-wide food shortage. The food position in our country has been constantly deteriorating during the last quarter of a century i. e. 1910-15 onwards. Both the area and yield of food crops have not kept pace with the increase in population. Thus, whereas during 1910-35 the population increased by 20%, the area under food grains went up only by 12.4%, that under non-food crops showing a higher increase. A glance at Dr. Burn's Technological Possibilities of Agricultural Development in India will make it clear that the total food production in India during 1911-12 to 1942-43 has not only kept pace with the increase in population but has actually gone down, while the yield and acreage under sugarcane, cotton and fibres have appreciably gone up. Thus whereas the total production of rice in British India stood at 28.2 million tons in 1911-12, it declined to 21.0 million tons in 1940-41 and to 23.0 million tons in 1942-43. The yield of wheat declined from 8.5 million tons in 1911-12 to 8.1 million tons in 1941-42 but showed a slight increase to 1911-12 figures in 1942-43 when it stood at 9.0 million tons. The total production of barley similarly showed a drop from 3.2 million tons in 1915-16 to 2.0 million tons in 1941-42, that of Jowar from 6.0 million tons to 4.0 million tons during the same period. The outturn of Bajra declined from 2.8 million tons in 1919-20 to 2.2 million tons in 1941-42, that of maize from 2.6 million tons during the same period, of gram from 4.5 million tons in 1917-18 to 3.0 million tons in 1941-42 and of Rabi and other miscellaneous food crops and other food grains including pulses from 33.7 million tons in 1913-14 to 33.0 million tons in 1940-41. Turning to commercial crops we find that there has been a phenomenal increase in the outturn of sugarcane

from 2·4 million tons in 1911-12 to 5·4 million tons in 1942-43, of cotton from 418 thousand tons in 1911-12 to 544 thousand tons in 1942-43 and of groundnuts from 0·5 million tons in 1912-13 to 1·8 million tons in 1942-43. These figures are self-elucidating. They show an increase in commercial cropping at the cost of production of food—grains and other cereals in the country. The gravity of the situation will be further brought home to us if we study the continuous deterioration in the rice position in the whole of India in relation to population increase.

*Rice Production and Consumption in India.*

Years.	Production (million tons).	Available Supplies (after ad- justing imports and ex- ports).	Popula- tion (million).	Per capita uti- lisation (Kilo- grams).
1916—20	28·11	28·97	308·2	94
1921—25	26·67	27·27	311·2	88
1926—30	25·87	26·66	328·6	81
1931—35	27·13	28·35	346·4	82
1926—40	25·77	27·17	363·5	75

*Variation in the Rice Production of Major  
Rice Consuming Provinces of India.*

Province	(in million tons)		Percentage increase or decrease.
	1910—15	1935—40	
Bengal	10·5	8·4	—20·0
Bihar and Orissa	7·25	4·3	—40·0

*Decline of Rice Production per Capita.*

	(in lbs.)	
	1910—15	1935—40
Bengal	518	313·7
Bihar and Orissa	472	223·1

Thus 'while in Bengal and in Bihar and Orissa population during the last three decades has actually increased by 24·7% and 23·55 %, food production has diminished by 20% and 40 % respectively. The decline of annual rice production per capita in Bihar and Orissa by 50% and in Bengal by about 40% shows a serious deterioration of the agricultural and nutritional position'—Dr. R. K. Mukerjee.

This decline in food production and evil consequences thereof had been clearly anticipated by economists who have been lamenting over our constantly deteriorating food position right from 1930s onwards. Writing as early as 1935 Dr. Radhakamal Mukerjee calculated that, on the basis of 2,800 calories per man per day, India was short of food to the extent of the requirements of 48 millions of her people. He later on revised his estimate in the light of the changing food position and brought it up to-date, to 56 million persons in 1940 and again to 70 million persons (or in other words 16·5 % of the total population) in 1943. India was then deficient to the extent of 4 million tons of her requirements, of which 1·5 million tons was due to loss of Burma rice and the rest 2·5 million tons on account of shortage due to exports to Ceylon and army requirements etc. Subsequently, however, all exports of food grains from India were banned. Still the deficit in food position continued. The Central Food Advisory Committee reported in September 1943 that India had a normal deficit of 1½ million tons a year even when there was no crop failure. In order to meet this the Food Grains Policy Committee, known as Gregory

Committee, recommended that India should build a permanent reserve of 1 million tons and import half a million ton every year against current consumption. If the Government had implemented these recommendations they would have imported during the last 27 months (1943-45) about 2,125,000 tons of food grains. Actually, however, they imported during the period only 1,700,000 tons (M. R. Masani in Central Assembly) i.e. about 0.5 million tons less. The total imports of wheat during 1945 amounted to 8,40,000 tons only and with these imports the Government have not been able to accumulate more than 50,000 to 1,00,000 tons in reserve. Thus we are already short of about 1.5 million tons of food grains both in regard to reserve and current consumption requirements over and above the normal annual deficit and the anticipated decline in the outturn of the standing crop due to failure of winter rains.

According to the final forecast for 1944-45 the output of rice and wheat in India will amount to 27.1 and 10 million tons respectively as compared to 30.7 and 9.7 million tons produced in 1943-44. It means that, rice and wheat taken together, we are short of 2.8 million tons of food this year. The Information Member to the Government of India, however, revealed that we are already short of three million tons and that before the year was over the crops in India would show a deficiency of another four million tons, so that within the next ten months India will have a deficit of something like seven million tons. A press statement today (march 3, 1946) declares that India's excess food requirement these days is about 6 million tons, of which at least 4 million tons should be met by imports from outside. Sir Phiroze Khareghat, however, seems to be more

pessimistic about the actual deficiency of food in our country. According to him India normally consumed 61 million tons of grains of all kinds which included 29 million tons of rice, 10 million tons of wheat 19·4 million tons of millets and 2·6 million tons of barley. In addition to this she consumed 4·4 million tons of grams and 3·9 million tons of pulses. Of this 61 million tons, 10 % was reserved for seed. Wastage through spoilage handling and other reasons totalled  $2\frac{1}{2}\%$  leaving approximately 51 million tons for normal consumption. *Crop losses now cut that to about 41 million tons*, (i. e. a loss of about 10 million tons). Thus while the reports about the impending food shortage are conflicting, they serve to impress upon us the gravity of the situation. Be it noted that the deficit during 1943 was only  $1\frac{1}{2}$  million tons which according to Central Food Advisory Committee is a normal annual deficit. In 1944 the crops were bumper and that together with the imports averted the catastrophe. This year the deficit has amounted to many times that during a normal year or even during the Bengal Famine!. No doubt if the task is difficult and the prospects more gloomy.

Among the immediate measures of relief, the scaling down of rations of the city population and extension of rationing to other towns and cities and possibly to rural areas as well, efficient procurement and distribution of available stocks of food material and a vigorous drive to grow more food and vegetables have all been suggested. Above all the need for imports of food from foreign countries has been urged. As a result, wheat ration of the city population in many of the rationed areas has been cut and H. E. the Viceroy has recently proposed a further cut in the total ration from 1 lb. per capita to 12 ounces per day. Be it noted that

the present ration of 1 lb. is already inadequate inasmuch as it gives only 1,600 calories per day as against normal requirement of at least 2,800 calories per capita per day and a further reduction of 25% in it will affect badly the physique of the labourers and the people alike. Government of India, it is learnt, have given a grant of 5 crores to Provincial Governments who, it is understood, will spend an equal amount from their resources to encourage the cultivation of food grains. Here again it may be pointed out that the results of the Grow More Food Campaign have not, on the whole, been encouraging in the past. In fact the the Government's utter failure in this regard has become a a public scandal and even the Famine Enquiry Commission Bengal in their Final Report had to confess that 'the results achieved by this campaign have not been spectacular.' Anyhow the Government this time seems to be more energetic in its efforts to cope with the impending famine. Very recently H. E. the Governor, U. P. in his broadcast implored the cultivators to grow Fasl-e-Zaid such as sawan, kakun and bhindi etc. just after the rabi crop is harvested and has been making a tour urging the people to grow more food and vegetables. Government is giving canal water free of charge for Fasl-e-Zaid and a subsidy of Rs. 25 for every well that the cultivator sinks for this purpose. Over and above this it is providing oilcakes for manure and vegetable seeds at 10% less cost. As regards imports expected from abroad, prospects are not cheerful. Only the other day Sardar J. J. Singh, President of the India League of America, revealed that according to an American official imports from U. S. A. could not amount to more than 600 tons as against the total requirement of 4 million tons of food imports in our country. This cannot be due to the much

talked of 'world shortage of food grains.' In fact, as the Eastern Economist concludes, the "carry-over" stocks of grain held by the world's chief exporters—the U. S. A., Canada, Australia and Argentina—are one billion bushels. This is over and above the annual yield of these countries. Shipping space is also available. One fails in these circumstances to understand the real cause of American niggardliness in this regard. May be that India's case was not properly represented before the combined Food Board and instead of demanding at least one million tons of rice and an equal quantity of wheat in 1946, the Indian representative claimed only half the amount. But it is time the mistake is rectified and proper amends made for it.

Attempts should also be made to increase the outturn of crops in future by proper manuring, watering of the fields at regular intervals and proper tillage and preparation of the ground. That there are great possibilities of agricultural development in this regard is accepted on all hands. Mr. Bingley, the food expert, who visited India very recently, was shocked to hear of such scarcity amidst so much plenty. He could not believe his ears that chronic famine conditions should occur in a province (Bombay) which had all the natural resources and conditions favourable to a very large production of food. 'He pointed out that by the use of proper manures in sufficient quantities the production could be increased by 25% quite easily, by the supply of water to crops that are grown without irrigation, a three-fold increase should be normally expected; while with a thorough preparation of the ground one could easily add 15% to the production'.\* In short a 50% increase in the total

\*See Mr. Bingley in *Dukalisten* by Jabir Ali. Padma Publications, Bombay.

food production due to these improvements can very easily be effected.

As we write the news arrive that according to official spokesmen, distress has been declared in 5 districts in Bombay, 4 districts in Mysore State and 2 in Madras province, and that the position is unsatisfactory in some Indian States as well, Rajputana particularly. Proper measures have been taken, it is reported, to cope with the situation and relief has been rushed to the areas. Let us hope that the situation will be under control due to earnest efforts in the directions indicated above.

But the task does not end here. Rather it starts from this point. The tiding over of the present crisis is just a step forward towards building up a stabler and more prosperous economy. Let it not be forgotten that whatever measures are being taken at present are mere relief measures. They are calculated in no way to put our agricultural system on a sounder base. They are what we call a temporary palliative, a mere patchwork and no permanent solution. For a permanent solution of the problem can only come by a radical overhaul of our present outmoded and deficit agrarian economy and a complete change in the entire socio-economic structure of the country. The whole mode of production, the methods and technique employed, the farm-size unit, and the pattern of individualistic peasant farming and agrarian relationships need be radically changed. We have more than once voiced our considered opinion in this regard through these columns and need not reiterate it just now. Suffice it to say that so long as there exists a feudal monopoly in land, so long as the cultivator remains in the ever-tightening grip of the sahuکار-cum-trader, so long as he ploughs his lonely furrow on his 3 acre farm



holding, fragmented and subdivided, with old, outworn methods and implements and above all, so long as there is a constant stream of persons being dumped on land in the absence of any alternative form of employment, there cannot be any way out of the famine. For the purpose we envisage a simultaneous multidirectional drive to cope with the evil from all sides according to a well-knit comprehensive plan. And the first step towards it, let us repeat, is the transformation of the entire rural structure and current agrarian relationships.

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# The Problem of Rural Indebtedness

Rural indebtedness is not confined to this country alone. Agriculturists in practically all the countries of the world seek credit in the intervening period between sowing and harvesting 'not merely for buying livestock, implements and fertilisers, improving the land and altering or enlarging (their) farm buildings, but also, while awaiting the payment of the price of (their) stored crops or the sale of those crops, for meeting current working expenses, specially wages which are becoming a bigger and bigger charge in some countries where there is a shortage of labour'.\* What characterises the credit needs in these countries is that money is required there mainly for productive purposes. 'Agricultural credit in Europe has been primarily for production and' in such countries of small holdings as Switzerland, Denmark, Germany and France, it has even enabled the landless labourers to become owner-farmers joining together for co-operative operations and thus derive the advantages of large-scale farming'.

As against this, agriculturists in our country demand facilities for credit mainly to make up the deficit in their budgets. Agriculture in India is a losing enterprise. The landholding in possession of a cultivator being too small and the methods of production too crude and out of date to work it economically, it is difficult for him to make both ends meet and eke out a satisfactory living from his enterprise. Naturally he has to take recourse to the village mahajan or bania for meeting his manifold needs. Another cause of heavy indeb-

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\*Report on Systems of Agricultural Credit and Insurance by  
M. Louis Trady

tedness of the Indian peasants is the loss of tenancies in them. This, it would seem, is both the cause and effect of rural crisis. The moneylender lends with an eye on the holding of the borrower and in the event of default attaches his land. The borrower, deprived of his only means of livelihood however unsatisfactory it may be, and in the absence of employment in the village, has to seek help from the mahajan more often than before. The rapidity with which holdings have changed hands and peasants have become non-cultivating raiyats will be borne out by the following figures.

No. of landless labourers (in millions).			
Year	1882	1921	1931
	7.5	21.5	33

Thus in 1921 one-fifth of those engaged in agriculture were landless labourers, in 1931 one-third were classed as landless proletariat, and in 1938 in Bengal and Madras this proportion was about one-half. Side by side, there has been a steady reduction in the number of peasants and cultivators. According to Floud Commission, Bengal, the number of *bargadars* (landless labourers) increased by 49% during 1921 and 1931 and they constituted 29% of the total agricultural population. Their number must have considerably gone up since then. Similar figures, if collected for other provinces, will reveal more or less the same state of affairs. Thus in the Punjab there are 34 lakh peasant proprietor families, 12 lakh *Muzaras* (tenant) families and 6 lakh agricultural labourers. Of the *Muzaras* 80 to 90% are tenants-at-will. The lot of land-labourers is no better than that of *Muzaras*.

The extent of rural indebtedness has been variously estimated from time to time. The figures show that it has been on the increase. The classic review was made by Central Banking Enquiry

Committee in 1930 and from the various estimates supplied by the Provincial Banking Enquiry Committees they came to the conclusion that the total burden of agricultural debt must be some where near 900 crores, although they sounded a note of warning that this estimate is by no means to be taken as correct or even as a nearest approximate to the exact situation. Below we give a table showing the colossal increase in indebtedness during the last twenties and thirties.

Year	Total Indebtedness (in crores of Rs.)	Authority
1911	300	Sir Edward Aclagan
1925	600	M. L. Darling
1929	900	Central Banking Enquiry Committee
1935	1,200	Prof. P. J. Thomas
1937	1,800	Agricultural Credit Department, Reserve Bank of India.

Latest estimate—above 2,000 crores of Rs.

During these five or six years of war the shape and amount of rural debt must have significantly changed. Which way and to what extent?—cannot be safely laid down. There are people who believe that due to phenomenal rise in agricultural prices and the non-availability of manufactured goods the cultivator has benefitted a lot and must have, as a result, liquidated a part of his commitments. We do not want to discredit the view altogether. It is true that the control on prices of manufactured goods was instituted earlier than on agricultural commodities and that, as a result, the disparity between the two was marked in favour of the agriculturist. The punctual and satisfactory repayment of loans in some of the Bombay district banks and the Madras Central Land Mortgage Bank and

the accrual of surplus funds in the central banks in our own province which they did not know how to disburse since societies, too, were reluctant to take loans from the financing banks, testify to this. However it may, we cannot rely too much upon these considerations. There are reasons to believe that only those agriculturists have benefitted as a result of war who had marketable surplus or who cultivated money crops, and they too to the extent of lag in prices of agricultural products which they sold and manufactured and other commodities which they purchased. The rest of the peasantry who had nothing to sell and yet had enough to purchase were virtual losers. And on this conjecture it would not be surprising if a subsequent enquiry reveals that the total agricultural debt has gone up. Its real burden, however, must have gone down due to rise in general price index.

It is not so much the total amount of debt as the conditions under which it is contracted which matters. The usurious rates of interest charged by the moneylender, the ways in which the cultivator-borrower is tied with the loan taken by him and the various malpractices attached to the system of indigenous money-lending are by now fairly known. With the disintegration of the village community the hands of the money-lender have been strengthened and he has ceased to be a member of the corporate village body striving for the benefit of the rest. There is no community of interests now between the cultivator and the moneylender. Even an unusually good harvest is a mixed blessing for the agriculturist. While such an opportunity is hailed by the mahajan as providing the best means for the liquidation of his loans, the cultivator views with suspicion any such boon. An agricultural crisis, on the other hand, while it may rock the mahajan to the very core, leaves no

impression on the raiyat, since he has nothing to lose. Under such conditions it is no wonder if we find that the mahajan dictates his own terms of business and the cultivator retaliates by refusing to pay even when he can. Usually the rate of interest charged varies between 15 to 33 per cent but it may go up to any extent, varying with the purpose for which loan is taken, the security offered and the financial position of the borrower and the lender. The rate of interest for loans in kind is usually higher. Thus 25 or 50 per cent interest (sawaya or deorha) on lendings in grain is quite common. The rate for unsecured loans is often double that charged for secured loans while the Kabulis and Multanis sometimes levy as much as 200 to 300 per cent. interest on their advances. Other malpractices such as taking thumb impression on blank paper and making illicit deductions are also well known. A special type of money-lender (*Khandsali*) is found in the cane areas in eastern districts of U. P. who lends money on the stipulation that a fixed number of pots full of juice will be supplied to him in payment of the loan. This practice of hypothecation of the produce in advance to the moneylender not only robs the cultivator of any chance gains due to rise in prices but also serves to check any improvement in quality or yield of the produce. The banjaras in the hill districts advance rice in the sowing season to the rather innocent primitive tribes (mostly Tharus and Bhoksas) and exact about  $1\frac{1}{2}$  or even 2 times as much in the harvesting season. They try to keep their borrowers in perpetual bondage with a view to screwing out of them as much as they can. The hypothecation of the produce is common in milk and ghee trade as well, while advances for purchase of cattle are fairly widely taken throughout the province.

The question of licensing the moneylender was discussed at some length by the Central Banking Enquiry Committee but they did not consider compulsory registration either advisable or expedient in view of the absence of alternative agencies for advancing satisfactory credit adequate enough to meet the needs of the cultivator, in case the moneylender, scared by the legislation, contracts his business. And certainly it will be unwise to take any hasty or drastic step in this connection without fully visualising the consequences thereof. The tardy growth of branch banking together with the reluctance of the commercial banks to grant credit to the agriculturist in view of the risky nature of the business and inadequate security offered by him, leave no alternative except to strengthen and rationalise the existing credit machinery. The co-operative movement, too, has not provided the necessary palliative and co-operation today handles only an insignificant portion of the total credit needs of the agriculturist. Moreover, there are no facilities for long term investment and land mortgage banks are yet to emerge. Keeping in view all these circumstances it will not be unwise if we propose that the organisation of village community should be speedily taken up with a view to strengthen the hands of the raiyat in dealing with the village mahajan. Even with all the experience of western credit mechanism it has not been possible to advocate complete elimination of the indigenous methods of moneylending. The moneylender, though a man of small means, is generally more accommodating. His credit is flexible and terms, though harsh, are not bitter. Then, he has long established relations with the borrower and his family and knows his credit and financial position. It will be best under these circumstances if we try to improve his system of

moneylending rather than oust him altogether from the field. The co-operatives, it is admitted, are reluctant to include him in their fold because of his extraordinary shrewdness and desire to dominate the organisation. And yet, as aptly remarked, he is the only oasis in the desert of general extravagance and his resources would be of immense value to the agriculturist. We should try, therefore, to utilise his capital to the best advantage of the cultivator and at most reasonable rates.

Certain issues arise in this connection e.g. the scaling down of the old debt, providing facilities for the repayment of the debt so scaled, strengthening the position of the moneylender and enlarging the scope of his investment, since it must be remembered that the moneylender himself is a man of meagre resources and suffers from all the disadvantages of an isolated moneylending unit. He does not welcome deposits, seldom borrows from others and relies on his own savings for purposes of moneylending. As such, his capital is limited and his terms of business unduly severe.

Nothing has been done so far either in the way of licensing the moneylender or rationalising his system of credit advancement. Nor has any attempt been made to utilise his capital to the benefit of the co-operatives. Action in this direction is urgently required. The ways and means to implement this have to be found out and we propose a fresh committee of enquiry to go into all the details and suggest means for improving the indigenous credit mechanism. We sincerely hope the Congress Government will give their earnest thought to the very important problem of rural moneylending. We propose for their consideration the following measures to be taken in this connection.



(1) The total amount of rural debt should be found out after a most searching enquiry into the extent of rural indebtedness.

(2) The amount of debt not payable should be ascertained.

(3) The total agricultural debt should be scaled down keeping in view the present financial position of the borrowers.

(4) Instalments should be fixed to see that the debt so scaled is satisfactorily paid.

We propose for this purpose the setting up of conciliation boards with powers compulsorily to scale down debts and fix instalments of repayment.

(5) Transfer of holdings in case of non-payment of debt should be banned.

(6) The moneylender should be required to charge fixed rates of interest, keep proper accounts, issue receipts and get his records audited.

In case of non-compliance with these rules it should be left to the courts (or village panchayats where they exist) to consider the position in their own way and pass judgment ex-parte.

(7) The organisation of village panchayats should speedily be taken up with a view to unite the cultivators against the onslaught of the mahajan.

(8) The moneylender should be induced to accept deposits and to desist from lending on inadequate or unsatisfactory security or advance large sums at a time.

(9) Efforts should also be made to link the village mahajan with the outside credit machinery so that he may not suffer from lack of funds.

The commercial banks may too frequently accept his hundis for encashment and the Reserve

Bank should establish touch with him through these banks by rediscounting such agricultural paper.

(10) Village co-operatives should be advised to accept the moneylender and his system of credit as necessary evil and not shun him outright. He may even be included in the co-operative membership, subject to proper safeguards, provided he is a man of otherwise good character and amiable disposition.

Suitable amendments in the byelaws of co-operatives will have to be made so as to accommodate the village mahajan. The scope of multipurpose organisations is wide enough and they should give a lead in this direction.

(11) The system of hypothecation of the produce or any previous agreement in respect of mortgage of crop should be declared illegal and every effort should be made to market as much of agricultural surplus co-operatively as possible. This will curtail the very lucrative business of the moneylender who generally combines business with moneylending.

(12) Efforts should be made to strengthen alternative credit agencies with a view to provide healthy competition between the activities of the mahajan and those of commercial and land mortgage banks resulting in general benefit to the cultivator.

We believe that these proposals are not new. They have been advocated from time to time by eminent authorities on the subject. A mere reiteration, however, does not rob them of their charm and usefulness.

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## Need for an Agricultural Commission

The time has come for an Agricultural Enquiry Commission to be appointed for investigating into the manifold problems which beset Indian agriculture to-day and giving it a proper and genuine lead. The succeeding years, after the Royal Agricultural Commission reported in 1928, have been marked with kaleidoscopic changes in Indian agriculture and industry no less in magnitude, perhaps even more, than those in any of the non-belligerent countries. India became an agriculturally deficit country and instead of exporting a considerable portion of her produce began actually to import as much of food grains and raw materials as she could get in a hungry and food-clamouring world. The change, it may be noted, was not wholly effected by the war. In fact the tendency was noticeable even much earlier. With the onslaught of the Great Depression and the heavily depressed agricultural prices in face of a growing increase in the food demand owing to, what is known as, phenomenal increase in India's population and, more specially, with the impact of foreign market conditions and international prices on a system which had not yet emerged from its subsistence-economy stage and which was marked by acute differences in cost of production due to unavoidable differences in soil, nature of farming, types of appliances used and availability or otherwise of irrigation and transport facilities, the Indian rural economy had been brought to an almost breaking point when the war started. The outmoded land revenue system with its concomitants of non-occupancy tenants holding land on lease without any fixity of

tenure, the absentee landlords having no connection with land and living leisurely in cities totally unmindful of their rights and obligations, the horde of rapacious intermediaries in between the landlord and the actual tenant subsisting on the ever-increasing difference between rent and revenue, the increasing subinfeudation of land leading to further fragmentation and subdivision of the already inadequate holdings and the lack of both the incentive as well as the means required for effecting improvement in land due to loss of interest in agricultural enterprise on the part of the landlords and non-availability or inadequacy of the means at the disposal of the raiyat, had much to contribute to this sharp decline in Indian agricultural and food position.

Consequently, the Indian economy could not bear the heavy demands made upon it by a totalitarian war and already shattered and tottering underneath the crushing burden of imperialist, landlord and money lender exploitation actually crumbled during war-time. The situation was complicated by an unimaginative and unsympathetic bureaucracy and the bunglings of the War Transport Member and the former Executive Councillors. The result was the unprecedented Bengal Famine with its heavy toll of death, disease and misery and country-wide shortage of food and occasional famines in several parts of the country afterwards, till we are now in an everpresent danger of food scarcity and wide-spread famine which may occur any moment due to abnormal weather conditions or slight deviation from ordinary circumstances.

Various committees of enquiry have been set up from time to time to investigate into particular aspects of Indian rural economy. Thus the Flood Commission was appointed in 1939 to enquire into

the working of Permanent Settlement in Bengal and suggest the course of development and shape of future land tenure in that province. It visited several other provinces with a view to compare the conditions existing in Bengal, with a unique system of land retention, inheritance and transfer, with those found in temporarily settled or raiyatwari areas. It has brought out a valuable report which, in spite of its shortcomings, will for many years remain an authentic account of the working of the land revenue system in Bengal. Although it has attempted to give a description of other provinces based on the information gathered from personal visit as well as that supplied by provincial governments, its scope of enquiry was necessarily restricted and its terms of reference could not be so wide as we would have wished them to be. Similarly the Bengal Famine Commission have published their report in two instalments. While Vol. I of the report is commendable and the authors have collected a good deal of factual evidence in spite of the shortage of time at their disposal, Vol. II is based on inadequate data and not very convincing material. We have had occasion to go through part IV of the report published as a reprint by the Indian Society of Agricultural Economics under the title *Land Tenures in India* and we are constrained to remark that reliance has been placed on official (and sometimes ambiguous) accounts furnished by provincial governments, which, it seems reasonable, must be accepted with some caution. Much of the portion dealing with subinfeudation, rack-renting, uneconomic nature of holdings and inefficiency of agricultural enterprise is either a repetition of the findings of earlier commissions, chiefly the Land Revenue Commission Bengal, or where attempt has been made to arrive at some definite conclusions, as for example

in the assessment of economic holding and the percentage of holdings below the required minimum in various provinces, the methods employed are extremely crude and unconvincing. In the introduction Sir Manilal B. Nanavati rightly contends that 'as yet no complete and comprehensive study of the problem on an all-India basis' has been made although various committees have reported in various provinces from time to time as, for example, Land Estates Committee in Madras, Land Revenue Enquiry Committee in the Punjab, Tenancy Legislation Committee in Sind and, it may be added, Agrarian Distress Committee in U. P.

Besides land revenue other aspects of Indian agriculture have also been explored but the enquiries were either limited in scope or otherwise inadequate. Thus the Madras Committee on co-operation reported in 1939 and made some valuable recommendations which, though applicable elsewhere also, relate chiefly to that province. As yet no thorough-going investigation has been made, after the Maclagan Committee reported in 1915 and the Royal Commission on Agriculture in 1928, into the problems of co-operative credit. Under these circumstances the need for a comprehensive all-India enquiry will not be disputed. The Government of India, it is learnt, are going to appoint such a committee. While not fully aware of their terms of reference, we propose for their consideration the following heads on which information is sorely lacking and which should be thoroughly investigated into in view of their importance and the complexity which ignorance over these serves to create. In case these prove to be too exhaustive for the scope of the present enquiry a separate Agricultural Commission with wider terms of reference dealing with all these points should be set up as early as possible.

(1) Very little information is available on the extent of fragmentation and sub-division that is going on and the nature of uneconomic holding in the country except occasional monographs based on local surveys which have been published from time to time by research workers, Provincial Governments and Directors of Agriculture and Land Records. The problem of economic holding in view of particular local circumstances varying from place to place must be investigated into and the unit of such holdings ascertained with the help of scientifically reliable data. Ways and means should be suggested for both retaining such holdings where they exist and for creating them where they do not, keeping in view the shifting norm of minimum economic holding in view of the contemplated change in technique and methods of cultivation rendered indispensable by the failure of the present structure of Indian rural economy.

(2) Thorough enquiry should also be conducted into the problems of rural finance, the extent of rural indebtedness as existing at present, the effects of remedial measures such as Land Alienation Acts, Debt Redemption and Conciliation Schemes tried in various provinces, and of co-operative credit on rural finance. The enquiry has been necessitated not only by the shifting pattern of Indian economy during war with its high prices and alleged rural prosperity but also by the present stalemate in the co-operative movement and the abortive attempts being made to rehabilitate it.

(3) The problem of cottage industries, their linking up with the major economic enterprises in the country, viz., agriculture and large-scale industry, the creation and maintenance of a balance between agriculture and industry and in their respective progress and expansion and measures for a co-ordinated and harmonious development of all

the constituent elements should be carefully explored.

(4) The various defects in agricultural marketing which have been thoroughly exposed, the measures necessary for linking the various stages into an effective economic system, for telescoping, as it were, the innumerable intermediary steps, standardising weights and measures, market practices and market changes, problems of efficient storage, sampling and grading, control of speculation and amateurish futures transactions, improvement in indigenous methods of finance and remittance, provision of adequate banking facilities and the desirability of linking the indigenous bankers with the central banking machinery should be reconsidered. It will not serve our purpose to owe allegiance to past methods and recommendations. Many of these require modification and the lines of such modification should be clearly brought forth.

(5) The problem of deforestation, soil exhaustion and erosion control, the advisability of setting up Inter-provincial commissions, on the analogy of Mississippi River Commission, to co-ordinate the discordant activities of adjoining areas in respect of irrigation, bunding and control of rivers, the necessity of instituting measures with a view to ensure equal supply of water to both upper and lower river reaches, the urgency of clearing off such areas which through siltation have reverted to swamps and jungles or are rendered unfit for cultivation due to removal of the rich top-soil and the feasibility of starting co-operative and collective enterprises in areas without any established system of land tenure and agrarian relationship should all be looked into. Above all the Commission should report on the ways and means to be found out to resurrect our deficit agrarian economy and avert the impending catastrophe of a whole-



sale agricultural liquidation and rural bankruptcy, through comprehensive over-all planning and complete transformation of the outmoded technique, methods of production, distribution and sale and, what is more important, of life and living in the village and aspirations and ideals of the villagers on the basis of fruitful experience gained in other countries with slight modification, of course, suited to the requirements and genius of Indian peasantry. Work in all these directions is long overdue and it is time if it is taken up in right earnest and enthusiasm.

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## Objects of Planning

The World War II has ushered in an era of planned economic development and international co-operation in currency and trade mainly as a measure of economic reconstruction of the world so as to ensure a stabler basis of peace and freedom for the generations to come. In this respect the attempts made during the recent world war differ materially from those of the first war when informed opinion (merely) showed the need for reconstruction of the political order on the basis of democracy and national self-determination and no 'comprehensive scheme for a rational economic order was formulated' and international action to meet immediate and pressing economic needs was entirely lacking. During the course of the second war, however, growing emphasis has been laid on economic reconstruction and, even when the nations were busy fighting, 'schemes were discussed and agreement was reached in the matter of international action in several of its aspects.'

India has been no exception to this trend. She has willingly participated in various international conferences and shown a keen desire to rebuild her war-torn and shattered economy which received a shock no less in magnitude than that in belligerent countries. Schemes were formulated by the Centre and Provinces under the Advisors' Regime and various non-official plans were also drawn up, the Bombay group of industrialists giving the lead. With the installation of a representative Interim Government at the Centre and popular ministries in the Provinces the chances of putting into practice the schemes with a view to achieve the national economic ideals are far

more bright indeed. Many of these schemes, no doubt, will have to be recast and redrawn in the light of the changed ideals and a different set of norms and standards and economic and social valuations possessed by a representative Indian Government.

We are as yet not quite sure of the socio-economic trends in modern Indian politics but it would not be hazardous to predict that the tendency will be towards economic and political ascendancy of the common man if not a total swing of power from the industrialists to the former. There has been a growing realisation of late, among workers and agriculturists, that political freedom is meaningless if it does not lead to economic emancipation of the masses from the crushing burden of profit-seeking industrialists, rent-receiving land-lords and usurious money-lenders. The frequency with which this feeling has been manifest, though not very encouraging, confirms one's faith in historical determinism—the faith that sooner or later the laws of history will work themselves out and that mankind will not for ever remain in social and economic bondage he has been in upto now. Viewed in the light of this development Rousseau's ideal of man born free and no longer in chains assumes a real meaning. 'Dictatorship of the proletariat' is no longer a mere battle-cry. It is not merely a message of peace and hope for withering souls, withering under the stress of cruel economic serfdom. It is a true interpretation of the events to follow, the conditions that will prevail, of history and its laws.

It is the light of this background and the changing pattern of Indian society under the stress of broad social currents that we have to view the various economic plans laid down from time to time and loudly proclaimed by their authors and

staunch supporters. It is with the help of this magnifying glass that we can find out the inner motives working behind this craze for planning that has almost instantaneously seized the country and worked it into a religious fervour, as it were, *Prima facie* it is a good augury for the future of the country but a deeper analysis will show the interplay of clear motives not very social in character—indeed hiding a good deal of anti-social elements in their outwardly simple and patriotic manifestations.

It is a common knowledge that the Bombay group of industrialists has been for long trying to dominate the field of Indian politics and has been even partially successful in its attempts. The industrialists, we have been told, are trustees of the people, even as the whole race of black-men has been and is the Whiteman's irksome burden which he wants to be relieved of as soon as possible. Yes, the industrialists are trustees of the masses whereas others are parasites. The Industrialists' Mission to U. S. A and U. K. sought the blessings of Mahatmaji at the eve of its departure from India and the latter seems to have realised the implications too late when the delegation had already landed on the British soil. This is no peculiar feature of this country alone. Everywhere in the world the colonial capital has sought to ally itself with the national political upsurge with a view to shut the doors to foreign capital for colonial exploitation and keep the market for itself. In this attempt it seeks the aid of political movements in the country, exploits the national and patriotic sentiments to the full for its own purpose and, in a way, definitely aids the national consciousness among the people.

On the face of it, it would seem that, were it not for this fact, the task of overthrowing capital-

ism and evolution of a socialistic economy would have been easier. But let it be remembered that colonial capital cannot for long hold the field and thus exploit the national sentiments for sinister ends and purposes. Quite unconsciously though, it is at the same time playing a definite role in securing the political emancipation of the colonies and, in a way, hastening its own dissolution. For with the achievement of political freedom or any near approach to it, the consciousness dawns that this freedom is meaningless unless it coincides with, or at least leads to, economic freedom also. And that is exactly the state of affairs in our country to-day. Let us hope that our freedom will not be meaningless, that political emancipation will soon lead to economic freedom—to freedom from want, freedom from fear and freedom of thought, equality of status, and dignity of mankind.

Granted the principal, the path for us becomes clear. Planning, if it has to be done, must be for the common good and in the interest of the common man and not of a chosen few. Not simply this, our entire outlook towards planning must change. Planning under capitalist regime is a misconception. There can be no planning in an order of economic activity where production is for profit rather than service and where scarcity pays more than plenty. Capitalist methods of production are by nature unplanned and haphazard, the impetus for production being provided not by the existence of real or potential demand but by the expectation of profits. How these coincide is strange though simple. Under capitalist economy, and for that matter capitalist planning, demand asserts itself on production not directly but through its impact on market price and if there is any equivalence between demand and supply, it is by accident and not by design. The demand makes

itself felt through price fluctuations which, in their turn, determine production. There are many producers in the market all carrying on their activity not in consultation, but in competition, with others. They are led by movement of prices to produce less or more so that there are alternate and recurrent periods of boom and depression after every four or five years. Whenever any co-ordination is effected in their policy, it turns out eventually to mean further restriction of supply and a condition of partial or complete monopoly which is worse than competition in any of its forms. Moreover, capitalist production takes as its basis the present income structure and the current demand of the people based on their existing means. In other words it seeks to satisfy not the *needs* but demands backed by actual purchasing power. If it proves more profitable to turn out cars or radio sets than raise corn or produce cloth, capital will flow in that direction although there may be a large unsatisfied demand in the latter field. No amount of public control on capitalist-managed industries will help to make them care for public utilities and public purposes rather than private profit. Then again, the growing disparity in income levels of various classes of people, so characteristic of capitalist mode of production and distribution, which is indissolubly linked with it, can by no means be solved by such face-saving devices as minimum wage legislation or workmen's compensation or health insurance schemes, since the defect is fundamental and implicit in the scheme of things itself.

It is therefore needed to direct production in the socially desirable channels, the criterion of desirability being furnished not by capitalist producers but by consumers themselves in the light of of their own estimate of what they consider to be

most desirable or urgent. Planning is necessary in order that the exact magnitude of actual as well as potential demand may be known and production carried on accordingly but such planning is incompatible with capitalist method of production since it involves a conflict of vital issues and a clear antagonism of interests. And no amount of partial control will help to remedy the defects of capitalism since it will only give state sanction to monopolist policies and anti-social activities carried on by the producers, as has been the experience during the last few decades. The remedy, therefore, lies not in wanton tampering with planning and acquiescing in, what may be termed, mere top-dressing, but in radical overhaul of the entire system of production and productive relations and social and economic revolution of a magnitude many of our thinkers fear to conceive of. There is no use dallying with catch-words and phrases which conceal a good deal of ambiguity and insincerity of purpose. Let us face facts squarely. What is required is not to put the house in order but to change the very order of the house.

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## *Madras Ban on Mills* **Planning for a Closed System**

We have been watching with great interest the recent developments in textile industry and trade. The Government of India's decision not to increase the existing prices of cloth and enjoining the millowners to step up production by working three shifts wherever possible so that overall production of cloth in the country may be increased, was communicated to the Industry Committee of the Textile Control Board. At the latter's suggestion that 'the shortages of power, cotton and of skilled labour with the attendant difficulties in providing food, housing and transport to the workers might stand in the way of adopting three shifts in all the mills,' the Government have promised a special allocation of coal equivalent to 20,000 tons per month to Ahmedabad and have further decided to send a Textile Machinery Mission to U. K. and U. S. A. 'with a view to investigating the prospects of obtaining more new projected mills and more mill stores and spares for the existing mills.'

This is a good augury in view of the acute cloth shortage in the country and the extreme privation the people had to suffer during these long years. During war the 16 yards per capita annual consumption of cloth was sharply reduced due to non-availability of mill-cloth because mills were busy producing military requirements. Had it not been for hand-woven cloth which served partly to fill the gap, the situation would have been critical indeed. With the cessation of hostilities and the slackening of competition for foreign textile goods



specially from Japan who was a formidable rival of Indian textile interests in the pre-war period, the Indian industries found a new chance of expanding their output and reorganising their production. The heavy pent-up demand in the country for mill-made goods together with the prospect of establishing an excellent market for Indian goods in the Middle and Far East countries goaded the industrialists to invest profitably in this branch of activity. But the non-availability of fresh material and plants to set up new mills or even to replace the obsolete existing machinery, both from Great Britain which is busy equipping her own industry which has experienced a great wear and tear during war days without any chances of replacement, and from U. S. A. due to dollar scarcity and lack of understanding on multilateral liquidation of our sterling balances, has served to put a brake on expansionist policies in this regard. The Industrial Mission headed by the two foremost industrialists, *viz.* Tata and Birla met with a cold shoulder both in Great Britain and America. Nevertheless, the Government showed some initiative in procuring the required material for the Indian industries and applications were invited from leading firms and and business magnates intending to set up new plants or to replace their old equipment, stating their requirements; and quotas were allotted to different provinces for the supply of machinery. A Southern Indian Chamber of Commerce spokesman recently told the Associated Press of America that '700 applications were awaiting decision for starting more spinning and weaving mills throughout India, including Madras province, and that every province had been allotted an undisclosed number of spindles as a post war scheme.'

Viewed in the light of these developments the recent change of policy in Madras regarding the

textile mills comes as a great surprise. It is understood that the Madras Government have prepared a Khadi scheme approved by Mahatma Gandhi on the understanding that no further expansion of the present spindlage in the existing mills in the province will be allowed. Mr. T. Prakasham, Prime Minister, Madras, inaugurating the Khadi scheme on Mahatma Gadhi's birthday at Erragutapalam in Andhra Desa said: "It has been decided not to allow any new cotton textile mills to be set up in this Province. Even the expansion of existing mills will not be permitted and the Central Government will be informed that the allotment of spindles and looms to this province under the post-war plan may be cancelled." We reproduce below a message from A. P. I. giving a short summary of the programme of work for implementing the proposed scheme.

"Under the new Khadi scheme which is estimated to cost approximately a crore of rupees, seven areas—three in Tamilnad, three in Andhra Desa and one in Malabar—have been selected for intensive Khadi work. It is proposed to have 60,000 charkhas including 27,000 already working in those places. To encourage self-spinning, a subsidy will be offered at the rate of four annas per yard of cloth produced out of the yarn spun by the residents in those areas,

"It is estimated that each Charkha will produce yarn sufficient for 100 yards of cloth. Surplus yarn will be purchased from the spinners by Government agency and converted into cloth and sold at cost price to the residents of the area. Government expect to achieve self-sufficiency in the selected areas having a population of over two and a half millions."

We are as yet unaware of the motives which led the Madras Government to adopt such a

**drastic course.** The Mahatma's love for Khadi is well-known but it shut their eyes to the very practical considerations and economic complexities involved in this issue. We can understand the leaders' anxiety to inculcate Khadi spirit among the people and thus aid the handloom industry—by far the biggest industry in the country—but a wholesale modification of the existing course of development and direction along an entirely outmoded channel is neither desirable nor even practicable.

The Madras Premier's anxiety to put the wheels of the clock back in this twentieth century and return to the good old days that are no more and which cannot at any cost be resurrected betrays a lack of understanding of the process of change and the course of development of economic institutions and modes of production. We have all along felt that the 'romantic revival' of 17th century dogmas, though unassailable on grounds of morality and spiritualism, must not be allowed to infiltrate the economic field since it is the very negation of all progress and activity. For, to be sure, the Gandhian economics does not square with the inevitable course dictated by forces of history and no amount of effort will be successful in reviving the old institutions and reverting to the dead past. The Gandhian ideal of village self-sufficiency is bad economics, if not bad politics. It is planning for a closed system and, as such, indefensible on practical grounds.

As Mahatmaji himself admits, the evils are not inherent in machine production but in the present capitalist methods of production which seek more the interest of the capitalists than those of the consumers whose needs are satisfied only secondarily and inasmuch as they serve the former purpose.

Let us not be misunderstood. There is no denying the fact that the handloom industry has suffered heavily due to callous disregard from Government manoeuvred by foreign and internal pressure groups and demands energetic action for its resuscitation and revival. The mill production of cotton cloth increased from 40% to 70% between 1900-01 and 1938-39 while that of handlooms declined from 60% to 30% within the same period. Following the depression in 1921, the mills experienced acute dislocation and in 1926 a special Tariff Board enquired into the conditions of cotton industry with special reference to Bombay and Ahmedabad. The Tariff Board recommended protection and under the Indian Tariff Act, 1927, a duty of 5% and valorem was levied on imported cotton yarn. With the increasing severity of competition from Japan, in 1929 Government appointed a special Officer, Mr. J. S. Hardy, to report on foreign competition and the extent of protection necessary to cope with it. As a result the duty on piece goods was increased. The mills demanded further protection in 1932 but the Tariff Board held that the duties on yarn of finer and low counts would affect adversely the handloom industry. Already the protection granted to mills had worked against the village weaver and been in some respects at the cost of handloom industry. The mills gained into power and taking an undue advantage of their privileged position indulged in severe and cut-throat competition with the handloom industry with the result that the latter's share of production was further reduced. The Indian National Congress tried to bring the mills to an agreement not to produce coarser counts, but these agreements were often broken.

Then came the war. It ushered an era of unprecedented boom for the millowners and they

took recourse to all measures, legitimate and illegitimate, to maximise their profits. The famous 'cloth muddle' and the black marketing and profiteering bribery and corruption, rampant in cloth trade will ever be remembered in history. Taking advantage of the acute cloth famine, the mill-owners and intermediaries have unscrupulously exploited the situation. The handlooms, on the other hand, have tried to fill the gap as far as they could but they have been restricted in their activities due to shortage of yarn. They have also paid more in terms of wages to workers than the mills and have at the same time employed at least five times as many workers as the latter. Gulzari Lal Nanda writing on the subject observed that the mills produce cloth today (pre-war) worth about 50 crores of rupees. 'Of this a sum of about ten crores of rupees constitutes the wages bill of the industry. Khadi of the same value would provide 35 crores of rupees in the shape of wages.' The handloom worker has not to undergo the housing and sanitation difficulties faced by his counterpart in the mills. Viewed in this light his real wages may seem to be considerably in excess of those of an ordinary mill-worker in the cities.

There are some small-scale industries and certain branches of hand weaving which have survived the onslaught of internal and foreign mill competition without any external support and it is in the fitness of things that they should be helped by all possible means to progress and expand. The tenacity which they have shown in face of acute, and at times even unscrupulous, competition from big business is a sure sign of their potentialities and entitles them to a reasonable share in the country's productive activity in a co-ordinated planned policy. There are others which are languishing not due to want of, but in spite of, external

support and are a burden on the community's resources. It is no use nourishing them further and the sooner they are liquidated the better will it be in the interest of workers in those branches of production and the community at large. The task before us will be to find work for men replaced from these industries and to plan an easy pass-over. There are yet another type of industries which, though for the time-being moribund, are capable of improvement and expansion and the attitude towards these should be one of cautious approach, consolidation and planned progress. Taking the handloom weaving industry for the time being, we find all the three types mentioned above in this category. There are certain branches of production where the handloom excels and where no amount of mill competition will be successful in ousting it from the field. As a rule the handlooms have specialised in production of multi-coloured and chequed cloth and in finer and rough counts, i. e., 10s down-wards and 30 to 40s upwards. The medium counts viz., 11 to 30s are the exclusive field of mills. Mills produce plain cloth of medium quality which admits of mass standardised production. Thus we find that the field of activity of the two is clearly demarcated and there should be no scope for rivalry or competition.

Of late, however, there has been a tendency towards reciprocal encroachment into one another's sphere, mills trying to enter the field exclusively held by handloom and handlooms retaliating by copying the designs of the mills. As a result competition has become keener and ill-will stronger. The Madras Committee on Co-operation reporting in 1939 suggested some adjustment of the sphere of mill and handloom activity in order to avoid competition. The Bombay millowners in their representation before the Fact Finding Committee

also seemed to favour the proposal. It is suggested that the all-India Handloom Board which has been set up recently should take up the case for further investigation and suitable legislation. The handlooms, then, will produce durries and carpets, cloth of artistic designs and furnishing fabrics for which there is already an established market in the Middle East and U. S. A. Indian tapestries and chintz are very much valued in America while the Arabian head-dress requiring patient labour and minute detail can be produced only by handlooms. These are but a few examples but they serve to illustrate our point. The mills, on the other hand, will produce long cloth, suiting and shirting, plain dhotis and sarees where handlooms cannot ever compete with them in cheapness.

Having planned thus, the path for us becomes clear. We should try with all our means to develop both the handlooms and mills which like sister branches will co-operate with each other in production and not necessarily be competitive in character. No doubt the handlooms will demand our special consideration in this respect but that may not be at the cost of the mills. In a planned policy of co-ordinated development handlooms and mills will form the two sides of an arch and one will not be sacrificed at the altar of another. The handloom industry today is suffering from all the pangs of dislocation, disease and death. The proverbial inefficiency of the handloom worker and his obsolete methods of production have been rendered all the more indefensible by the extreme usury and inflated cost of marketing which unduly raise the cost of production and make competition difficult. It has been estimated that as much as 47 per cent of the sale proceeds of cotton handloom cloth are taken away in the form of middlemen's profits. There are other directions, also, in

which organisation is necessary. The handloom weaver should be provided with new and better plant, better training and skill, better yarn and dyes, more up-to-date designs to suit the changing fashion and better credit and marketing facilities. Helped thus he will be able to face the storm better than by any wholesale measures which may only bring chaos and acute dislocation in their wake.

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## Plea for Co-operative Planning

The manner in which the co-operative movement in the province has been expanding during the last few years gives cause for some anxiety. It may be admitted that the progress made during the last decade, especially since the commencement of the war, has been more than satisfactory but that this progress and expansion have been marked with lack of planning and haphazard and slipshod development, is no less true. Schemes were undertaken under the stress of, and due to stimulus given by, the war and co-operative action was launched in several of the hitherto untouched or inadequately developed branches of its activity. The consumers co-operative movement got a fillip during the war and the organisation of sale and distribution of essential commodities was undertaken by the Provincial Marketing Federation and its branches and various Marketing Unions and stores and the results have more than justified these efforts. The Provincial Marketing Federation which came into existence during the war has earned enormous profits and been able to secure its position in the co-operative field for some years to come. Side by side, the task of organising the handloom weavers of the province into co-operative societies in order to effectively dispose of the Government orders for war requisites was also undertaken. The Provincial Industrial Federation was organised and several weavers' societies were set up with the help of Government subsidy, which went on increasing every year, with a view to intensifying Government's war effort and aid production of military requirements. Now that the war has been over and Government support is

being gradually withdrawn, the Federation is woefully struggling for existence and finds itself at the mercy of the civilian consumers. The grain marketing movement in the province was also intensified during war and several of Co-operative Marketing Unions did very useful work in this connection.

Under the Vegetable Extension Scheme of the Government, the Potato Development and Marketing Scheme and the dehydration plants of the Department were running satisfactorily up till very recently when Government support has been withdrawn and the whole scheme of vegetable extension has been suspended as serving no useful purpose and being a mere waste of public money. The *khali* distribution scheme was simply undertaken by the co-operatives because of subsidy given by Government in order to dispose off large surplus stocks during war. Many new schemes were also prepared and submitted by the Department as a part of planning of development activities of the province and one of them at least viz., the extension of co-operative distribution of milk to important cities in the province has found favour with the Government, and is soon going to be fully implemented by the Department. Meanwhile, the co-operative development and marketing of sugarcane, assisted by the Sugar Factories Control Act of 1938, and the marketing of ghee have been going on progressing as usual. Co-operative organisation of marketing of poultry and eggs has been tried at several places with singular lack of success but has recently been revived due to the efforts of the Provincial Marketing Federation. A scheme for marketing of fish in Lucknow city was also undertaken by the Industrial Federation but we are as yet unaware of its results.

So much in regard to marketing and distribu-

tion activities of the movement. On the credit side, we learn, there has been some consolidation and the position of the co-operative credit societies and the members has definitely improved during war due to high prices of agricultural commodities. We are not in a position to judge how far the agriculturists have made use of this favourable position but it is safe to conclude that a large part of the debt owed by them to societies has been paid off and the Central Banks in the province were feeling uneasy due to large surplus assets which they did not know how to dispose of.

Now that the much-cherished and long-awaited Provincial Co-operative Bank has been set up it will find new avenues for the utilisation of their funds and at the same time tap fresh sources for the supply of required capital. So far as we know there has been very little expansion of co-operative credit activities in the province during the last few years although there has been some improvement in the position of the existing societies through consolidation measures adopted by the former Registrar, which also was no less urgently required. In fact as the Hon'ble Minister Dr. Katju now reveals, there has been some deterioration in particular fields, for example, the organisation of multipurpose co-operative societies. This deterioration, we may remark, is no less true of certain other branches of co-operative activity. Schemes are undertaken by the Department not according to any pre-conceived plan but in view of certain exigencies and they are forced on the ignorant and un-willing co-operators with all the zeal and enthusiasm of a Government Department. The departmental officers are directed to launch certain schemes from above, prepare and work out the plan and enforce it with the help of their elaborate marketing and supervisory staff. There

is mushroom growth of co-operative societies in the directed fields and a wholesale conscription of members with the help of propaganda and persuasion takes place. There being no urge for co-operation among the members, they only half-heartedly and lightly take these measures and their enthusiasm grows or wanes with the success or failure of these schemes in the very initial stages of their implementation.

There being no planned development of the co-operative activities, the structure that we get of the co-operative movement today, has been raised not by design, according to well thought out and co-ordinated policy, but by accident and circumstantial exigencies with no firm grounding and liable to fall any moment at the slightest jerk. To be fair to co-operative officials, however, it may be remarked that the Co-operative Department is badly understaffed. It is working with one Registrar, one Additional Registrar, three Deputy Registrars and a few other gazetted officers. The Publicity Section of the Department which should have been expected to contain a whole lot of workers and artists does not comprise more than one senior officer and a few inspectors and clerks. In fact as the Secretary, Provincial Marketing Federation, disclosed in the address of welcome presented to Dr. Katju at the eve of opening of the Consumer's Co-operative Store Lucknow, the Provincial Marketing Federation, a non-official co-operative agency, now employs as many workers and maintains an establishment equal, if not greater in magnitude as the Co-operative Department itself. The departmental officers are ill-equipped by training, and by the nature of work they have to undertake, to give serious thought to principles and progress of co-operative organisation in other countries of the world and the results obtained in

various fields of its activity in the country itself. The lack of adequate material on the subject was up till very recently a grave drawback in this connection. Thanks to the untiring efforts of the Registrar and the Deputy Registrar and the generous donation of the Provincial Marketing Federation, a really good and useful library has been built up containing all the available material on co-operation and allied subjects in this country and abroad. But this library, good as it is, is still inadequate for research purposes and is located at one centre viz. Lucknow. What is required is similar such libraries, and better ones even, in all the different divisions of the province. The collection of statistics, their compilation, and preparation of annual report are lamentably deficient in the required technique and there is no guarantee that the figures collected are accurate or that proper use has been made of them. What we get is official version of the progress or deterioration of the movement couched in ambiguous phrases and backed by inadequate data.

The need for planning under these circumstances is imminent. Co-operative movement in the province has not only 'outrun' co-operative education and propaganda but has also defied all attempts at planned development based on economic urgency. We are happy to remark that the officers of the Department are alive to the situation. Marketing Federation has shown some keenness for research and planning and two years back it appointed a Research Officer, the present writer himself, for conducting a survey on co-operative marketing of agricultural products in U. P. and the report is complete and will shortly be placed before the public. The move was very much appreciated by the Reserve Bank of India and it recommended similar measures to be adopted in

other provinces as well. But the difficulty arose due to unaided activity and lack of expert advice and guidance. I had to carry on the research single-handed in the manner of a research student and was naturally handicapped in several directions. The Federation has also decided to subsidise the carrying out of other researches in the field and publication of reports thereof. But the scope of its activities must necessarily be restricted by its finances. The work of planning and research in co-operation is the responsibility of the Govt. and cannot be shirked and thus passed on to any non-official business organisation. If co-operation is to succeed it should not only be overhauled in the light of expert advice and guidance given by those who know the subject and can safely lead the path, but firmer foundation should be laid on which the movement may flourish during the years to come.

We envisage for this active Govt. support and provision of adequate finances for setting up first, a really good library at the centre and branch libraries in respective divisions and next, and what is more important, the institution of a separate Planning and Research Section in the Department in charge of experts on Cooperation. There should be one Planning Officer who would carry on work with the help of research officers and assistants and his schemes will be drawn on the basis of adequate material and data furnished by the Statistical Section of the Department which needs also be greatly strengthened. There should be at least one qualified statistician, several compilers and a whole staff for carrying on investigation in the areas selected for intensive survey on the eve of launching any programme of co-operative activity or expansion. Non-official support should be solicited in preparation of schemes

and guidance may be taken from the Agricultural Credit Department of the Reserve Bank of India and planning sections in those provinces where they have been established.

The schemes contemplated should be carefully scrutinised, the areas likely to be receptive to these schemes and where satisfactory conditions prevail for their working and success should be marked on the basis of expert statistical evidence and the programme of work prepared and certified by the Planning Officer and the Consultative Committee of official and non-official co-operators before it is taken up by the Registrar and his assistants for execution. Schemes on the lines indicated above have actually been undertaken by other Government Departments, for example, the Agriculture and the Animal Husbandry Department, and should also be sanctioned for the Co-operative Department if Government have faith in the potentialities of the movement and if they realise its present shortcomings. Above all we would plead for a greater integration of the activities of the various planning sections of the Government and the development departments so that the progress made in any one direction may not be at variance with schemes drawn up in other departments and a really co-ordinated and comprehensive plan of expansion and progress in all the respective branches may be prepared and put into execution.

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